

Ordinance No. 119518

Council Bill No. 112768

AN ORDINANCE relating to the sale of land for housing development in the I-90 Redevelopment Project area; authorizing the sale of Dearborn-Hiawatha Parcel 4b to HomeSight; authorizing the Director of Office of Housing to execute, deliver, and administer the contract for sale of land and to execute and deliver a deed; authorizing the City to accept fee interest upon delivery of a quit claim deed and Seattle Public Utilities to assume jurisdiction of a 14 foot wide parcel abutting the alley occupied by the Cedar River Pipeline No. 3; and ratifying and confirming prior acts.

CF No. _____

Date Introduced: JUL 12 1999	
Date 1st Referred: JUL 12 1999	To: (committee) Housing, Human Services and Civil Committee
Date Re - Referred:	To: (committee)
Date Re - Referred:	To: (committee)
Date of Final Passage: 7-19-99	Full Council Vote: 9-0
Date Presented to Mayor: 7-19-99	Date Approved:
Date Returned to City Clerk: JUL 26 1999	Date Published: T.O. <input checked="" type="checkbox"/> F.T. <input type="checkbox"/>
Date Vetoed by Mayor:	Date Veto Published:
Date Passed Over Veto:	Veto Sustained:

The City of Seattle - Legislative Department
Council Bill/Ordinance sponsored by: _____ ST

Committee Action:

As Amended
PASS 4-0

7-19-99 Full Council

This file is complete and ready for presentation to Full Council. C

Rob Steinbrun

Law Department

Law Dept. Review

OMP
Review

City Clerk
Review

(16)

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: STEINBRUECK
Councilmember

(E) (D) *As Amended*
PASS 4-0 (W) (G)

Committee Action:

7-19-99 Full Council Passed 9-0

This file is complete and ready for presentation to Full Council. Committee: _____
(initial/date)

Pat. Steinbrueck

Law Department

Law Dept. Review

OMP
Review

(W) City Clerk
Review

(I) Electronic
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Human and Civil Committee
T.O. <input checked="" type="checkbox"/> F.I. <input checked="" type="checkbox"/>

6 pages

ORDINANCE 119542

AN ORDINANCE relating to the sale of land for housing development in the I-90 Redevelopment Project area; authorizing the sale of Dearborn-Hiawatha Parcel 4b to HomeSight; authorizing the Director of Office of Housing to execute, deliver, and administer the contract for sale of land and to execute and deliver a deed; authorizing the City to accept fee interest upon delivery of a quit claim deed and Seattle Public Utilities to assume jurisdiction of a 14 foot wide parcel abutting the alley occupied by the Cedar River Pipeline No. 3; and ratifying and confirming prior acts.

WHEREAS, the City obtained ownership of certain parcels known as the "Dearborn-Hiawatha Properties" from the State of Washington, Seattle Housing Authority, King County, and private owners; and

WHEREAS, the City owns, maintains, and wishes to protect the Cedar River Transmission Pipeline that runs along the platted alleyway ("Alley") from the corner of Hiawatha Place South and South Charles Street to the corner of South Dearborn Street and Davis Place South, to the west of the subject property; and

WHEREAS, the City adopted the I-90 Area Development Policies on January 23, 1989, by Resolution No. 27901, which Policies were amended on December 11, 1995, by resolution 29258; and

WHEREAS, the City's Ordinance No. 117612, passed on April 24, 1995, directed the Department of Neighborhoods, in coordination with the Department of Housing and Human Services and the Office of Economic Development and in consultation with the Jackson Place Community Council, to proceed with the planning for the redevelopment of the combined residential, commercial and industrial parcels known as "Dearborn-Hiawatha" and that City Council would consider a proposed redevelopment plan which may not be consistent with the I-90 Area Development Policies; and

WHEREAS, the City desires to promote affordable homeownership and economic development in the Jackson Place Community, consistent with the City of Seattle Comprehensive Plan

adopted July 25, 1994 and the 1999-2000 Consolidated Plan adopted September 21, 1998, as amended February 8, 1999; and

WHEREAS, the City Council by Resolution No. 29707 adopted March 2, 1998, approved the issuance of the Request for Developer Qualifications and Preliminary Proposals dated March 16, 1998 (the "RDQ"), which specifies the goals and process for disposition of the Dearborn-Hiawatha Properties; and

WHEREAS, the City has conducted a competitive process through the RDQ; and

WHEREAS, in response to the RDQ, HomeSight, in conjunction with Icon Architecture and Seattle Cohousing, which are not parties to this property sale, submitted a proposal dated July 6, 1998, to acquire Dearborn-Hiawatha Parcel 4b and construct thereon a mix of townhouses and single family homes; and

WHEREAS, the Director of the City's Department of Neighborhoods has determined that the Proposal is complete and responsive to the RDQ; the Proposal has been reviewed and evaluated by the City's Developer Selection Committee; and the Mayor has recommended that the Proposal be accepted; and

WHEREAS, the City Council passed Ordinance 119440 transferring jurisdiction of the Dearborn-Hiawatha property and the authority for the sale of the designated parcels from the Department of Neighborhoods to the Office of Housing;

WHEREAS, the payment for the transfer of the property to HomeSight will be in the amount of the market value, less a discount in exchange for the public benefit provided by HomeSight of financial assistance in the form of a second mortgage offered to six first-time home buyers earning less than or equal to 80% of median income who will purchase townhomes on this property, and such sale proceeds will be transferred to the Program Income Revenue Account in Fund 17810;

WHEREAS, HomeSight wishes to assume no control or interest in the 14 foot wide area immediately abutting the eastern edge of the Alley, and wishes to release and quitclaim to the City any interest it may acquire in that property;

WHEREAS, City is willing to accept the fee interest in the 14 foot parcel east of the Alley which will be transferred to the jurisdiction of Seattle Public Utilities;

NOW THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The sale by the City of Seattle to HomeSight of the parcel of real property (the "Property") legally described as follows:

Lot 1 through 11, inclusive, All in Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, in King County, Washington.

Subject to an easement over that certain strip of land fourteen (14) feet in width described as follows :

That portion of Lots 1 through 7, inclusive, Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, Records of King County, Washington, lying westerly of a line parallel with and 30 feet easterly of the most Easterly lines of Lots 10, 7 and 8, and of said Most Easterly lines produced, all in Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington;

together with that portion, if any, of Government Lot 13 in Section 4, Township 24 North, Range 4 East, W.M., lying southerly of the South margin of South Dearborn Street, northerly of the North margin of South Charles Street, westerly of the West line of said Block 2, Dearborn Street Addition to the City of Seattle, and easterly of the East margin of the alley lying east of said Block 2, Rainier Boulevard Addition to the City of Seattle, as said alley was platted in said plat of Rainier Boulevard Addition to the City of Seattle;

situate in the City of Seattle, County of King, State of Washington.

for the purpose of housing development, for the price of One Hundred Thirteen Thousand Five Hundred Dollars (\$113,500.00), as provided in the form of the Purchase and Sale Agreement attached hereto as Attachment A, is hereby authorized.

Section 2. The Director of the Office of Housing ("Director") is hereby authorized to execute, deliver and administer for and on behalf of the City of Seattle a "Purchase and Sale Agreement" ("Contract") with HomeSight for the sale of the Property, in substantially the form attached hereto as Attachment A, with any modifications approved by such Director consistent with the terms of this ordinance. In order to carry out the Contract for and on behalf of the City, the Mayor or Director is authorized to execute a Statutory Warranty Deed for the Property in substantially the form attached hereto as Exhibit VIII to the Contract, and upon satisfaction of the conditions precedent under the Contract, the Director is authorized to cause the deed to be delivered to the purchaser.

Section 3. The Director is hereby authorized, for and on behalf of the City, to approve construction plans and changes thereto as being in conformity with the Contract and the Hiawatha Place Request for Developer Qualifications and Proposals, to grant such consents and approvals as she shall deem appropriate to carry out the intent of this ordinance; and to issue appropriate certification when improvements contemplated in the Contract have been completed.

Section 4. Payments made from escrow at closing, from funds deposited by or on behalf of HomeSight, of prorated assessments and other costs payable by the City at closing pursuant to the terms of the Contract, shall be credited toward payment of the purchase price of the Property. Net proceeds from the sale, less costs of closing, final property clean-up, the

environmental assessment report, and other incidental expenses associated with the sale of the above-referenced parcel shall be deposited in the Program Income Revenue Account - Fund 17810.

Section 5. The City, upon recording and delivery of the Quitclaim Deed (Exhibit IX to the Contract), is authorized to accept the fee interest in the 14 foot wide parcel immediately east of the Alley described in the Quitclaim Deed, and Seattle Public Utilities is authorized to assume jurisdiction of the 14 foot strip for consideration of sixty eight thousand dollars (\$68,000.00) payable from the Water Fund to the Program Income Revenue Account - Fund 17810.

Section 6. Any act pursuant to the authority and prior to the effective date of this ordinance is hereby ratified and confirmed.

Section 7. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 19th day of July, 1999, and signed by me in open session in authentication of its passage this 19th day of July, 1999.

Joe Annah.
President of the City Council

Approved by me this 23rd day of July, 1999.

Paul Schell
Paul Schell, Mayor

Filed by me this 26th day of July, 1999.

Carrie Donfield
acting City Clerk

(Seal)

Attachment A: Purchase and Sale Agreement with Exhibits

ATTACHMENT A

DAVIS PLACE TOWNHOMES

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the "Agreement") is made as of _____ 1999, by and between the City of Seattle, a municipal corporation of the State of Washington (the "City"), and HomeSight, a Washington not-for-profit corporation, ("Purchaser"), whose address is 3405 South Alaska Street, Seattle, WA 98118.

WITNESSETH:

WHEREAS, the City obtained ownership of certain parcels known as the "Dearborn-Hiawatha Properties" from the State of Washington, the Seattle Housing Authority, King County, and private individuals ; and

WHEREAS, on January 23, 1989, by Resolution No. 27901, the City adopted the I-90 Area Development Policies which Policies were amended on December 11, 1995, by Resolution 29258; and

WHEREAS, the City's Ordinance No. 117612 dated April 24, 1995, directed the Department of Neighborhoods, in coordination with the Department of Housing and Human Services and the Office of Economic Development and in consultation with the Jackson Place Community Council, to proceed with the planning for the redevelopment of the combined residential, commercial and industrial parcels comprising the Dearborn-Hiawatha Properties; and

WHEREAS, the City desires to promote affordable home ownership and economic development in the Jackson Place Community, consistent with the City of Seattle Comprehensive Plan adopted July 25, 1994 and 1999-2000 Consolidated Plan adopted Sep 21, 1998, and amended Feb 8, 1999; and

WHEREAS, to provide flexibility in the planning process, the Seattle City Council would consider a proposed redevelopment plan which may not be consistent with currently approved I-90 Area Development Policies but reflects the Jackson Place Community's vision for these properties; and

WHEREAS, by Resolution 29707 dated March 2, 1998, the Seattle City Council approved the issuance of the Request for Developer Qualifications and Preliminary Proposals dated March 16, 1998 (the "RDQ"), which specified the goals and process for disposition of the Dearborn-Hiawatha Properties; and

WHEREAS, the City has conducted a competitive process through the RDQ; and

WHEREAS, in response to the RDQ, Purchaser, in conjunction with Seattle Cohousing and Icon Architecture, Ltd, which are not a party to this Agreement, submitted a proposal dated July 6, 1998 (which is incorporated herein by this reference and shall be hereinafter referred to, with any modifications or additions to such proposal that shall be approved in writing by the City, as the "Proposal") to acquire the Property (defined below) and construct thereon a residential complex of townhomes and single family homes; and

WHEREAS, the Director of the Department of Neighborhoods of the City has determined that the Proposal is complete and responsive to the RDQ; the Proposal has been reviewed and evaluated by the City's Developer Selection Committee; and the Mayor has recommended that the Proposal be accepted; and

WHEREAS, the City Council passed Ordinance 119440 on April 19, 1999 transferring jurisdiction of the Dearborn-Hiawatha property and the authority for the sale of the designated parcels from the Department of Neighborhoods to the Office of Housing; and

WHEREAS, by Ordinance _____, dated _____, the Seattle City Council accepted the Mayor's recommendation that the Proposal to purchase and develop the Property be accepted; authorized the Director to execute, deliver and administer a real estate purchase and sale agreement, which is this Agreement; and designated the disposition of sales proceeds; and

WHEREAS, the City believes that the redevelopment of the Property pursuant to this Agreement, and the fulfillment, generally, of this Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable federal, state, and local laws and requirements under which the redevelopment project has been undertaken; and

WHEREAS, Purchaser has submitted to the City the Proposal, which contains the proposed initial plans ("Conceptual Design") describing the redevelopment project and its architectural character, and the relationship to the surrounding environment of the Improvements to be developed on the Property; which Conceptual Design was approved by the Department of Neighborhoods Director in August, 1998; and

WHEREAS, Purchaser has subsequently revised and modified the Conceptual Design and resubmitted plans for review and approval by the Director of the Office of Housing (herein "Director"). On July 6, 1999 the Director approved these revised plans which are attached hereto in their current, approved form as Exhibit V and shall be referred to, as attached or as modified and approved as provided in this Agreement, as the Conceptual Design.

Now, therefore, the parties hereto, for and in consideration of the promises and mutual obligations herein undertaken, do hereby agree as follows:

PART I - PURCHASE AND SALE

Section 1. Agreement to Convey Property

Subject to all of the terms and conditions of this Agreement, the City agrees to sell and convey to Purchaser that certain real property located in the City of Seattle, commonly known as Parcel 4b of the Dearborn-Hiawatha Properties, and legally described on the attached Exhibit I (the "Property"), and generally located as shown on the map attached hereto as Exhibit II. The conveyance shall be made subject to the reserved easement contained as Exhibit A to the Statutory Warranty Deed (on the attached Exhibit VIII)

Section 2. Payment of Purchase Price

Purchaser agrees to pay to the City the sum of One Hundred Thirteen Thousand Five Hundred Dollars (\$113,500.00) (the "Purchase Price") for the Property.. The Purchase Price is payable at Closing (defined in Section 8 below) in cash, by wire transfer, or by cashier's check. The Earnest Money Promissory Note shall be returned by the City to the Purchaser upon payment of the Purchase Price and completion of Closing.

Section 3. Conveyance

Upon (i) the payment of the sum provided in Section 2 and all other amounts required to be paid by Purchaser hereunder, and (ii) the satisfaction of the conditions set forth in this Agreement, the City shall convey fee simple title to the Property, by Statutory Warranty Deed in the form attached hereto as Exhibit VIII (the "Statutory Warranty Deed"), which is hereby approved as to form by Purchaser.

Section 4. Title Insurance

The City shall at its expense provide Purchaser with an ALTA Standard Coverage Owner's policy of title insurance, issued by Pacific Northwest Title Company of Washington, Inc. ("Title Company") in the amount of the Purchase Price of the Property, insuring Purchaser as the sole fee title holder as to the Property.

Purchaser has reviewed a preliminary title commitment (individually and collectively, the "Title Commitment") from Pacific Northwest Title Company, Order no. 325772, dated November 30, 1997, as supplemented through supplement no. ____ dated ____, along with all documents referenced in the Title Commitment (Exhibit III). Any claims, liens, encumbrances and defects (collectively, "Permitted Exceptions") shown thereon are hereby approved and accepted by Purchaser. Prior to the date of closing, the City shall not further encumber the property, or permit additional encumbrances to attach to the

Parcel. Upon receiving notice of the closing date from the Purchaser, the City shall provide at its expense one title update or supplement to the purchaser, to cover the period from the preliminary title commitment dated November 30, 1997 up to a date one week prior to closing. If title to the Property is not insurable at Closing free and clear of all liens ("Liens"), except for the Permitted Exceptions, then the parties may, by mutual written agreement, (i) extend the Closing for up to an additional one hundred eighty (180) days to allow the City or, at Purchaser's option, the Purchaser, to remove such Liens, or (ii) terminate this Agreement as provided herein provided, the City shall return the original Earnest Money Promissory Note to Purchaser, or (iii) continue this Agreement and Purchaser may purchase the Property as otherwise provided in this Agreement.

Purchaser may obtain such additional title insurance coverage as purchaser chooses, as long as Purchaser pays any difference in the cost between the standard coverage policy provided by the City and the increased premium due from any increase in coverage.

Section 5. Conditions Precedent

- A. The following shall be conditions precedent to the City's obligation to convey the Property:
 1. Purchaser shall have obtained approval from the Director for the Schematic Design (including the landscaping plan), and the Construction Documents as provided in Sections 302, 303, and 304.
 2. Purchaser shall have obtained the grading permit, for the Improvements from DCLU.
 3. Purchaser shall provide evidence satisfactory to the City that Purchaser has the necessary financing to fund the construction of the improvements as provided in Section 307.
 4. Purchaser shall have obtained approval from the Director of the final development schedule as described in Section 310.
 5. Purchaser shall have deposited with Pacific Northwest Title Company (the "Escrow Agent") for delivery to the City, the sum of money required to pay the Purchase Price of the Property as stated under Section 2 of this Agreement and all other amounts payable by Purchaser hereunder in cash or cashiers check or by wire transfer.
 6. Purchaser's representations contained herein shall be true as of the Closing of the Property.
 7. Purchaser shall otherwise be in compliance with all of the terms hereof.

B. The following shall be conditions precedent to Purchaser's obligation to purchase the Property;

1. The City shall have deposited with the Escrow Agent the Statutory Warranty Deed and all other documents and instruments necessary to transfer fee title in the Property.
2. At Closing, title to the Property shall be free and clear of all Liens except for the Permitted Exceptions.
3. The City's representations contained herein relating to the Property shall be true as of Closing.
4. The City shall otherwise be in compliance with all of the terms hereof.

Section 6. Earnest Money

Immediately upon execution of this Agreement, Purchaser shall deliver to the City the earnest money promissory note ("Earnest Money Promissory Note", Exhibit VI) in the amount of Five Thousand Six Hundred Seventy Five Dollars (\$5,675.00), which is five percent (5%) of the Purchase Price. The Earnest Money Promissory Note shall be held by the City until such time as Purchaser becomes entitled to return of the Earnest Money Promissory Note under the terms hereof, or until the City becomes entitled to the payment of such Earnest Money Promissory Note under the provisions of this Agreement.

Section 7. Quit Claim of Easement and Release All Rights in the Alley

It is understood by the parties that Purchaser intends to initiate a short plat procedure to adjust the lot lines and to segregate the easement area reserved by the City in the deed attached as Exhibit A ("reserved easement") to the Statutory Warranty Deed (Exhibit VIII to this Agreement). In the event Purchaser successfully completes the short plat process, and the adjusted lines do not decrease the dimensions of the reserved easement, Purchaser may execute a quit claim deed ("Quit Claim Deed", Exhibit IX) to convey the reserved easement area to the City. If the platted lot lines are less than the dimensions of the reserved easement, the City shall not release its easement rights.

In addition Purchaser, its heirs, successors and assigns, agrees to release, to the City, its successors and assigns, all rights, title, and interest to the alley abutting the reserved easement, and legally described as:

The sixteen foot wide alley lying east of Block 2, Rainier Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington, as said alley was platted in said plat of Rainier Addition to the City of Seattle;

situate in the City of Seattle, County of King, State of Washington.

When requested by the City, Purchaser, its heirs, successors and assigns, shall join with the City in petitioning for vacation of the alley after the completion of development of the Property.

Section 8. Closing

- A. "Closing" shall mean the execution, delivery and recording (as appropriate) of all documents and payment of all funds into escrow as provided herein.
- B. Closing shall take place on such date as the Purchaser shall specify in a written notice to the City, which written notice (i) shall be delivered to the City at least ten (10) days in advance of the closing date specified in such written notice, and (ii) may be given at any time within, but not later than forty five (45) days after all conditions required herein to be satisfied prior to Closing, other than deposit of funds and instructions in escrow, have been satisfied, but in any event closing shall occur no later than July 1, 2000. Purchaser is allowed two closing extensions, subject to the approval of the Director to (a) July 1, 2001 and (b) July 1, 2002. The Purchase price shall be increased by One Thousand One Hundred Thirty Five Dollars (\$1,135.00) per month (1% of Purchase Price) for each month that closing is delayed beyond July 1, 2000, unless, the first extension was requested because the necessary permits had not been issued in time and the delay is not caused by the action or inaction of the Purchaser, and the Purchaser can demonstrate to the Director that its permit applications, and responses to correction notices were made in a timely manner to allow sufficient time for permits to be issued by the July 1, 2000 closing date, in which case, the Director may waive any increases to the purchase price for the first extension.
- C. At least seven (7) days in advance of Closing, the City and Purchaser shall each deliver to the Escrow Agent for deposit into escrow, with a copy to the other party, all of the documents, instruments, promissory notes, monies and instructions necessary to complete the transfer of said Property pursuant to the terms of this Agreement, each document, instrument and instruction bearing all the original signatures called for therein. Such documents, instruments and instructions include, without limitation, the Statutory Warranty Deed and the parties' respective escrow instructions, if any. The Escrow Agent shall hold all of these documents, instruments, promissory notes and monies in escrow and shall not release or return them, except pursuant to the written instructions of both the City and Purchaser.
- D. At Closing, the Escrow Agent shall be instructed to record the Statutory Warranty Deed (Exhibit VIII), and to instruct in turn the King County Office of Records and Elections to mail the original of the Statutory Warranty Deed following recording, to the Purchaser as grantee.

- E. The escrow fee charged in connection with this closing shall be paid one-half each, by the Purchaser and the City. Any taxes, assessments or public charges that are payable with respect to the Property during the City's ownership thereof shall be prorated and paid by the City as of Closing, Purchaser shall pay the cost of recording the deed and any documents required by Purchaser's financing.
- F. At Closing, Purchaser shall deliver to the City through the Escrow Agent a cash deposit of Five Thousand Six Hundred Seventy Five dollars (\$5,675.00), an amount equal to five percent (5%) of the Purchase Price as security for completion of the Improvements to be constructed on the Property ("Completion Deposit"). The Completion Deposit (as defined below) shall be returned to Purchaser upon receipt by Purchaser of a Certificate of Completion for said Improvements. This Completion Deposit shall be held by the City until such time as the Purchaser becomes entitled to cancellation of the Completion Deposit under the terms hereof, or until the City becomes entitled to retain the Completion Deposit under the provisions of this Agreement. Purchaser shall not be entitled to interest on the Completion Deposit.
- G. The City shall submit the Earnest Money Promissory Note to the Escrow Agent who shall surrender it to the Purchaser in exchange for full payment of the Purchase Price as described in Section 2 of this Agreement.
- H. If the sale fails to close due to fault of one of the parties, as described in Sections 702 and 703 of Part III of this Agreement, then such party shall be solely responsible for all escrow and title insurance cancellation charges. If the sale fails to close by the date set forth in subsection A above for reasons other than those set forth in Sections 702 or 703, then the Earnest Money Promissory Note shall be returned to Purchaser, and the Purchaser shall pay directly to the escrow agent one half of any escrow or title insurance cancellation charges and the City shall pay one-half from the City's own funds.

Part II - DEVELOPMENT

SUBPART 100 - COMPLIANCE WITH CONCEPTUAL DESIGN

Section 101. Compliance with Proposal and Conceptual Design; Improvements

Purchaser shall develop the Property substantially as shown in the Conceptual Design (Exhibit V), or as otherwise approved in writing by the Director, and in compliance with all applicable state and local laws and regulations. The improvements to be constructed on the Property more specifically described in the Construction

Documents to be submitted to DCLU and Office of Housing by Purchaser as provided hereunder, are referred to as the "Improvements."

SUBPART 200 - ACCEPTANCE, CONDITION AND POSSESSION OF PROPERTY

Section 201. Acceptance AS IS

Purchaser acknowledges and agrees that (i) the City has provided Purchaser with a Phase I environmental assessment with regard to the Property, dated April 1991, prepared by Parametrix Inc., and a Report of Geotechnical Investigation and Modified Environmental Assessment with regard to the Property, dated July 1, 1996, prepared by PacRim Geotechnical, Inc. (together the "Environmental Assessment"), (ii) Purchaser has been informed that Giant Hogweed, a King County designated noxious weed has apparently been growing on portions of the Property, and information describing the property owner's responsibilities associated with such weeds are attached hereto in Exhibit IV; (iii) Purchaser has been afforded the opportunity to make such investigations and inspections of the Property and of the City's records with respect to the Property and matters related thereto as Purchaser desires, (iv) Purchaser has entered into this Agreement on the basis of its own investigation of the physical condition of the Property, including subsurface conditions. Purchaser further specifically acknowledges and agrees that notwithstanding any prior or contemporaneous oral or written representations, statements, documents, reports, studies or communications of the City, this Agreement constitutes the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior or contemporaneous oral or written representations, statements, documents, reports, studies or communications. In addition, Purchaser specifically acknowledges and agrees that EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THIS AGREEMENT, THE CITY DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY OR ANY RELATED MATTER, the Property is sold to Purchaser in an "AS IS" condition as of Closing and, except as specifically set forth in Section 202 hereof, Purchaser assumes the risk that adverse physical conditions may not have been revealed by its investigation, (iv) Purchaser explicitly took into account such risk in its decision to enter into this Agreement on the terms set forth herein, and (v) except as otherwise provided herein, Purchaser will accept title to the Property in its AS IS condition subject to all defects and conditions, including such defects and conditions, if any, that may not have been revealed by Purchaser's investigation.

Section 202. Changes in Condition

1. Purchaser has inspected the Property in its present condition as of the date of this Agreement and such inspection has not disclosed any physical condition that would materially impair the development thereof as contemplated hereunder.
2. If Purchaser or the City becomes aware of any change in the physical condition of the Property or any portion thereof after the date of this Agreement that would materially impair the feasibility of the project as contemplated hereunder or would substantially increase the hard construction costs of the project above (a "Changed Condition"), such party shall within ten (10) days of becoming aware of such Changed Condition notify the other party in writing of such Changed Condition.
 - a) If the Changed Condition is caused by Purchaser or its agents, employees or contractors, Purchaser shall restore the Property to its prior condition.
 - b) If the Changed Condition is caused by the City or its agents, employees or contractors, the City shall at its discretion (i) restore the Property to its prior condition and reimburse Purchaser for Purchaser's damages caused by the Changed Condition or the City's restoration of the Property, or (ii) terminate this Agreement by written notice to Purchaser, return the Earnest Money Promissory Note, and reimburse Purchaser for all out-of-pocket costs directly related to development of the Property and incurred by Purchaser from August 24, 1998, the date of preliminary developer selection, through the date on which the City notifies Purchaser in writing of its election of termination.
 - c) If neither Purchaser nor the City is responsible for the Changed Condition, which may include, but shall not be limited to the discovery of pre-existing Hazardous Substances on the Property, then (i) if, within fifteen (15) days after the City sends or receives written notice of the Changed Condition, the City gives written notice to Purchaser that the City elects to remedy the Changed Condition, then this Agreement shall remain in effect and the City shall remedy the Changed Condition prior to Closing, or (ii) if the City does not give written notice of such election within said fifteen (15) days, then Purchaser shall have the option, by written notice to the City no later than fifteen (15) days after sending or receiving notice of the Changed Condition to terminate this Agreement and the City shall return the all Earnest Money Promissory Note, , in which case neither party shall have any further obligation or liability, of any kind whatsoever, to the other under this agreement..
3. Any written notice from Purchaser to the City hereunder that Purchaser is prepared to close the purchase of the Property shall constitute Purchaser's representation that it has reinspected the Property and agrees to accept it in its condition on the date of such notice, whether or not such condition has changed from the date hereof.

4. Purchaser has been advised that improvements will be required to the existing infrastructure, including but not limited to utilities serving the Property, but the extent of such required improvements to the infrastructure has not been determined. If, prior to the Closing of the Property under this Agreement, Purchaser determines in its sole discretion that the cost to Purchaser of required infrastructure improvements will exceed the one hundred thousand dollars (\$100,000) initially estimated, and will materially impair the feasibility of the project, as contemplated hereunder or will substantially increase the hard construction costs above, Purchaser shall have the option, as Purchaser's sole recourse, to terminate this Agreement by written notice to the City and receive the return of the Earnest Money Promissory Note and thereafter neither party shall have any further obligation or liability, of any kind whatsoever, to the other under this Agreement.
5. Together with any notices required under this paragraph, the parties shall, to the extent they have not already done so, provide the other party with a copy of any reports or findings that disclose the Changed Condition or describe how such Changed Condition would in fact materially impair the development of the Property as contemplated hereunder, or would substantially increase the cost of such development.

Section 203. Possession

Purchaser shall be entitled to exclusive possession of the Property (subject to the rights of the City contained herein) upon recording of the Statutory Warranty Deed.

Section 204. Remediation by City Prior to Closing

If during the period after execution of this Agreement and prior to the closing on the Property, Purchaser discovers and gives written notice of the location of significant amounts of buried debris (e.g. concrete, appliances, or other trash) dumped on the site, and underground storage tanks ("UST") located on the property, the City shall cause to be removed, or shall credit against the Purchase Price the expenses incurred by Purchaser that are pre-approved by the City in writing not to exceed fifteen thousand dollars (\$15,000), for removal of the debris and the underground storage tanks discovered on the Property, for cleaning or removing any soils contaminated with Hazardous Waste, the cost of any report required to certify the successful removal of the UST's and the contaminated soils that may be required by law. In addition, the City will provide one site clean-up, in close proximity to the closing date, and upon request by the Purchaser, whereby all garbage and waste visible from a non-intrusive inspection of the soils, located on the Property will be removed from the site at the City's sole cost, which combined costs shall not exceed the maximum amount of fifteen thousand dollars (\$15,000.00) provided above. Prior to Closing the City will have the Property maintained regularly so that the grass and weeds are trimmed away from the sidewalk and any illegal dumping, when discovered, is promptly removed from the site.

Section 205. Predevelopment and Construction Activities.

A. Right of Entry

The City hereby grants to Purchaser and Purchaser's employees, agents and contractors, the right as of the date of this Agreement to enter upon the Property from time to time, prior to any termination of this Agreement, for the purpose of conducting therein and thereon such inspections and studies as Purchaser may reasonably deem necessary or appropriate with respect to developing the Improvements (hereafter the "Right of Entry"), and Purchaser accepts and agrees to exercise the right of entry in accordance with the conditions described in Exhibit VII.

B. Construction Agreement

The City owns and maintains the Cedar River Pipeline #3 that is located below ground in the sixteen (16) foot alley that runs north-south to the west of the property (hereafter the "Alley"). Purchaser agrees to follow the terms and conditions in the Construction Agreement set forth in the attached Exhibit X (hereafter the "Construction Agreement") in planning for and constructing the Improvements on the property.

C. Indemnification

Purchaser, for itself and for its successors and assigns, hereby agrees to release and forever discharge, indemnify, defend and hold the City, and its elected officials, employees and agents, harmless from and against any and all claims, liability, costs, damages or fees (including but not limited to reasonable attorneys' fees and costs) incurred as a result of or in connection with Purchaser's exercise of the Right of Entry or Purchaser's construction activities in constructing the "Improvements" or in connection with the Construction Agreement, and including but not limited to Purchaser's release of any Hazardous Substances. The term "Hazardous Substances" shall mean any and all hazardous, toxic, infectious or radioactive substances, wastes or materials as defined or listed by any federal, state or local statute, regulation or ordinance pertaining to the protection of human health or the environment and shall specifically include petroleum oil and its fractions.

D. City's Operation

The City of Seattle shall be responsible, as provided by law, for any damage to the Property caused by the City in operating or maintaining the Cedar River Pipeline #3 or any present or future facilities in or adjacent to the Alley.

Section 206. HomeSight's Downpayment Assistance.

Purchaser acknowledges that the purchase price represents a \$90,000 discount. In exchange, Purchaser agrees that six (6) units will be sold to households earning 80% of median income or less, and Purchaser agrees that it will provide up to \$90,000 in Hope Loans to provide down payment assistance to the low income homebuyers purchasing townhomes on the Property. Satisfactory evidence of such financial

assistance shall be provided to the Director upon the completion of each sale to a homeowner.

SUBPART 300 - PLANS, APPROVALS, FINANCING AND CONSTRUCTION

Section 301. Community Meetings on Design

If so requested by the Director, Purchaser agrees to attend one or more community meetings to present the architectural design and hear comments from neighboring residents and businesses, which comments shall not be binding upon Purchaser or require Purchaser to amend the design or other documents relating to the Improvements.

Section 302. Schematic Design, Approval of Schematic Design by the Director

Within ninety (90) days of the date of this Agreement, Purchaser shall prepare and submit to the Director plans and specifications (the "Schematic Design") in sufficient detail with respect to development of the Parcel to clearly describe the site plan, architectural character, circulation, landscaping features and relationship to the surrounding environment of the Improvements. If the development is required to undergo Design Review, the Schematic Designs shall be developed through the Design Review process. The Schematic Design shall be substantially consistent with Section 101 of this Agreement and all applicable state and local laws and regulations, and the Proposal. If the Schematic Design conforming to this Agreement are not submitted within such period, the City shall have the right, by notice to Purchaser and Escrow Agent, to terminate this Agreement, in which case the Earnest Money Promissory Note shall become immediately due and payable and such sums secured by the Note shall be paid to the City, as liquidated damages, as the City's sole and exclusive remedy.

The Director shall review the Schematic Design solely for the purpose of determining whether it substantially conforms to the Conceptual Design. The scope of the Director's review may include urban design issues such as massing, exterior materials, exterior details, landscaping and public amenities. If the Schematic Design does not thus conform, the Director shall so notify Purchaser in writing, providing a statement of the specific reasons for the rejection of the submitted Schematic Design. In such event, Purchaser may submit a revised Schematic Design to the Director for the purpose set forth above. If the revised Schematic Design fails to substantially conform to the Conceptual Design, the Director shall so notify Purchaser in writing, providing a statement of exactly what changes the Director believes are required to bring the Schematic Design into substantial conformance with the Conceptual Design. The Purchaser may within sixty (60) days thereafter submit second revised Schematic Design. If Purchaser fails to submit such second revised Schematic Design or the second revised Schematic Design does not substantially conform to the Conceptual Design, then the City may terminate this Agreement by written notice to Purchaser and the Escrow Agent, such written notice of termination to be provided within fifteen (15)

days of receipt of the second revised Schematic Design, in which case the Earnest Money Promissory Note shall become immediately due and payable and such sums secured by the Note shall be paid to the City as liquidated damages and as the City's sole and exclusive remedy, and neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement.

Section 303 Construction Documents

Purchaser shall prepare plans and specifications with respect to the construction of the Improvements (the "Construction Documents") substantially as shown in the approved Schematic Design and all applicable state and local laws and regulations. The Construction Documents shall be in sufficient completeness and detail not only to satisfy requirements pertinent to application for a building permit to DCLU but also to demonstrate to the Director that the improvements and their construction will be in accordance with the previously approved Schematic Design.

Purchaser shall submit the Construction Documents, together with construction or progress schedule, to the Director, at the same time as Purchaser submits those Construction Documents to the Department of Construction and Land Use ("DCLU"). Purchaser shall submit Construction Documents to the Director at any time following the City's approval of the Schematic Design. In any event Purchaser shall submit Construction Documents for all Improvements within twelve (12) months following execution of this Agreement.

Section 304. Changes in Schematic Design or Construction Documents

If Purchaser desires to make any material changes in the size, character, design, or exterior surface of structures or in the site plan, exterior elevation or materials as set forth in the Schematic Design and Construction Documents or either of them after approval of the Schematic Design by the City, the Purchaser shall submit the proposed change to the Director for her approval. If the Director finds that the Construction Documents and/or Schematic Design as modified by the proposed changes, will materially conform to the Conceptual Design the Director shall approve the proposed changes and evidence her approval by endorsement of the same on the revised plan sheets and by notifying the Purchaser.

If the Director finds that the proposed changes to the Construction Documents do not materially conform to the Schematic Design, the Director, in the exercise of her reasonable discretion, may reject the proposed changes. If the Director rejects the proposed changes, the Director's written notice of such rejection shall contain a statement of the specific reasons for such rejection, and the Purchaser may within thirty (30) days submit a revision of the proposed changes, which shall be subject to the timely review described in Section 306 of this Agreement, unless the revisions are manifestly inconsistent in material respects with the approved Schematic Design. If the revised proposed changes satisfy the Director's objections stated in the Director's prior written notice of rejection or otherwise satisfy the criteria set forth above, the Director

shall approve the revised proposed changes and evidence her approval by endorsement of the same on the revised plan sheets and by notifying the Purchaser.

If the revised proposed changes do not satisfy the Director's written objections or the criteria set forth above, the Director may reject the revised proposed changes. If the Director rejects the revised proposed changes, the Director's written notice of such rejection shall contain a statement of exactly what changes the Director believes are required for approval of the revised proposed changes. The Purchaser may thereafter submit second, revised proposed changes. If Purchaser fails to submit such second, revised proposed changes or if the second, revised proposed changes do not satisfy the criteria set forth above, then the City may terminate this Agreement by written notice to Purchaser and the Escrow Agent, such written notice of termination to be provided within fifteen (15) days of receipt of the second, revised proposed changes, in which case the Earnest Money Promissory Note shall become immediately due and payable and such sums secured by the Note shall be paid to the City as liquidated damages and as the City's sole and exclusive remedy, and neither party shall have any further claim, liability or obligation, of any kind whatsoever, to the other under this Agreement.

Section 305. Grading Permit

As a condition precedent to the City's obligation to sell the property to the Purchaser, a grading permit for construction of the Improvements must be issued by DCLU.

Section 306. Timely Review of Plans and Other Documents Requiring City Approval

If any transmittal or submission of the Schematic Design, Construction Documents, (in connection with proposed changes thereto, as provided in Section 304, or otherwise) or other documents requiring City approval contains conspicuous notice on the first page thereof that said plans are subject to a fifteen (15) day time limit for Director review, and the cover letter identifies and lists the significant changes from previously approved plans, and if within fifteen (15) days of receipt, the Director does not give Purchaser written notice of rejection of or any changes to said plans required for conformity as allowed under this Agreement, then the plans as transmitted to the Director shall be deemed approved, unless the changes represented in the submitted plans were not identified in the cover letter and are manifestly inconsistent in material respects with the previously approved architectural design.

Section 307. Financing Commitment

Purchaser represents that Purchaser will use its best efforts to obtain a financing commitment ("Financing Commitment") from one or more lending entities (individually and collectively, the "Lender(s)") to finance the acquisition of the Property and construction of the Improvements to be built on the Property.

As a condition precedent to the City's obligations hereunder, Purchaser shall provide Office of Housing a financing commitment from the Lender(s) and/or Investor(s) that demonstrates to the reasonable satisfaction of the Director that Purchaser will obtain all financing necessary to complete the Improvements to be constructed on the Property in accordance with this Agreement, the Schematic Design the Construction Documents, and that no term of the Financing Commitment is in material conflict with the terms of this Agreement, the Schematic Design, or the Construction Documents. If Purchaser fails to submit such commitment by the later of July 1, 2000, or the date of the allowed extension, then the City may, by notice to Purchaser, terminate this Agreement, in which case the Earnest Money Promissory Note shall be returned to Purchaser and neither party shall have any liability hereunder.

If the City does not give written notice to Purchaser within fifteen (15) days after receipt of a copy of the Financing Commitment that the terms thereof do not meet the criteria set forth in this Section, then City shall be deemed to have approved the terms thereof; provided Purchaser shall mark the copy with conspicuous notice of the 15 day period for review unless the Financing Commitment contains conditions that are manifestly inconsistent in material respects with the terms of this Agreement.

Section 308. Environmental Audits

Purchaser acknowledges receipt of a copy of the Environmental Assessment for the Property (Section 201). The City does not warrant the accuracy or completeness of the Environmental Assessment. If Purchaser commissions its own environmental review of the Property, then Purchaser shall provide a copy thereof to the City.

Section 309. Final Development Schedule and Time for Construction

The Purchaser shall submit to the City the final schedule to proceed with construction ("Schedule") on the Property as a condition precedent to closing. The construction start date and the completion date shall be subject to review and approval by the Director, which approval is a condition to Closing.

Purchaser shall diligently proceed to complete construction of said Improvements according to the Schedule, provided that reasonable extensions for delays shall be granted by the Director as a result of Force Majeure as provided for in Section 818, or as reasonably requested by Purchaser in writing. If the actual completion date is expected to exceed the Schedule completion date, Purchaser shall, in advance of exceeding the Schedule completion date, prepare a written project update to the Director, which explains the reason for the delay, proposes a revised schedule, and requests an extension to the schedule.

i

Section 310. Director's Authority to Approve Changes

Recognizing that the development process often requires revisions to the design of Improvements, and adjustments to the development schedule, the Director reserves

the right to approve in writing reasonable changes to the Conceptual Design, the Schematic Design, and the Schedule presented in the Agreement. Purchaser shall submit such revision to the Director with a request for approval and with a conspicuous notice of the fifteen (15) day period for approval. Failure of the Director to approve within 15 days of receipt shall be deemed acceptance by the Director of the revision, provided changes requested by the Purchaser shall not substantially alter the approved Schematic Design or unreasonably delay its completion.

Section 311. Report on Progress

Subsequent to the conveyance of the Property to Purchaser and until construction of the Improvements to be constructed on the Property is complete as evidenced by issuance of a Certificate of Completion for the Property, the Purchaser shall, within ten (10) days of any written request by the City, forward to the Director a written report addressing the City's stated questions and/or providing the specific information requested relating to the actual construction progress of the required drawings, financial commitment or construction of said Improvements.

Section 312. Purpose of Review of Plans and Inspection of Work

The work shall at all times be subject to inspection by the Office of Housing, during regular work hours provided that the Office of Housing gives 24 hour notice of inspection. The review by Office of Housing, as provided in this Agreement is for the purpose of assuring that the Improvements substantially conform to the terms of this Agreement, the Schematic Design and the Landscaping Plan approved by the Director. Such inspection shall not be construed as a representation or warranty to Purchaser or any third party that the Construction Documents, or construction work meets building code standards, that there has been or will be compliance on the part of any contractor or subcontractor with the Construction Documents, that construction has been or will be free from faulty material or workmanship, or as to any other matter. Purchaser shall cause this Section to be included in any contract for work into which Purchaser shall enter under this Agreement.

Section 313. Certificate of Completion of Improvements

The Certificate of Completion may be obtained only for the entire Property. Promptly after completion of the Improvements on the Property in accordance with the provisions of this Agreement and the approved Schematic Design, as confirmed by an inspection by Office of Housing, the Director shall furnish Purchaser with a certificate of completion ("Certificate of Completion") substantially in the form attached hereto as Exhibit XI for the Property upon which the Improvements have been properly completed. A Certificate of Completion shall be issued for the Property when the Purchaser has completed the Improvements pursuant to the Construction Documents and has cured any deficiencies noted by the City in its inspections. The Purchaser shall follow the approved landscaping plan included in the Schematic Design. Completion of the landscaping plan shall be a condition of the Certificate of Completion. Delivery of a

Certificate of Completion by the Director and the recording thereof by Purchaser shall be conclusive evidence of satisfaction of all of the obligations of Purchaser under this Agreement to construct the Improvements on the Property covered by such Certificate of Completion and of the termination of the condition subsequent in the deed with respect to such Property. Upon delivery of a Certificate of Completion, unless the City has already exercised its right as provided in this Agreement to retain the Completion Deposit for a breach of or default under this Agreement on the part of Purchaser, the Completion Deposit shall be returned to Purchaser. A breach or default on the part of the Purchaser may be caused by unapproved delays to the completion of construction as provided in the Schedule, and failing to complete the construction in accordance with the Schematic Design or the Landscape Plan.

Within seven (7) days after a written request by Purchaser to issue a Certificate of Completion, if the Director shall refuse or fail to provide a Certificate of Completion in accordance with the provisions of this Section within such seven day period, the Director shall, within seven (7) days of Purchaser's written request, provide Purchaser with a written statement indicating in adequate detail in what respects Purchaser has failed to complete the Improvements in accordance with the provisions of this Agreement, or is otherwise in default, and what measures or acts will be necessary, in the opinion of the Director, for Purchaser to take or to cause to be taken to obtain such Certificate of Completion. When such acts or measures have been completed and the Director has reinspected the Improvements to confirm such completion, the Certificate of Completion shall be issued. If Purchaser fails to complete such acts or measures within thirty (30) days of the Director's final written statement, then the Completion Deposit shall be paid to the City.

Section 314. Permits

The City acknowledges that the redevelopment of the Property and the requirements of this Agreement necessitate that Purchaser apply for and obtain certain permits and other similar authorizations, (collectively, the "Permits") from the City and other governmental agencies relating to the Property and the Improvements prior to Purchaser obtaining fee title to the Property. The City agrees that: (i) the failure of Purchaser to own fee title to the Property or any portion thereof shall not be a basis for rejecting Purchaser's application for or failing to issue any Permits; and (ii) that the City will provide information in a timely manner as requested by Purchaser which, information is required by the City and other governmental agencies in order to obtain the Permits.

The term "Permits" shall include without limitation Neighborhood Design Review; building permits; short plats and lot boundary adjustments and other similar authorizations and approvals; grading permits; shoring permits and public contract permits for work in public rights-of-way; and utility permits.

Except as otherwise provided in this Section, nothing in this Agreement is intended or shall be construed to require that the City exercise its discretionary authority

under its regulatory ordinances to further the development of the Property, nor binds the City to do so. The City will process applications for permits as if such applications were made in the absence of this Agreement.

PART III – GENERAL

SUBPART 400 - REGULATORY CONDITIONS

Section 401. Non-Discrimination

The Purchaser shall not create barriers to open and fair opportunities for women and minority-owned businesses ("WMBEs") to participate in contracts and to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services related to the development of the Property. In considering offers from and doing business with contractors and suppliers, the Purchaser shall not discriminate on the basis of race, color, creed, religion, sex, age, nationality, marital status, sexual orientation or the presence of any mental or physical disability in an otherwise qualified disabled person.

SUBPART 500 - PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER

Section 501. Use of Improvements

Purchaser represents and agrees that the purchase of the Property is for the purpose of immediate development of residential complex as represented in the Proposal and not for speculation in land holding. Purchaser further commits to selling six of the units to households earning 80% of median income or less. Down payment assistance totaling Ninety Thousand Dollars (\$90,000.00) in Hope Loans will be recorded against the individual homes purchased by the low-income buyers. These Hope Loans will be repaid to the Down Payment Assistance Loan Fund administered by HomeSight, and repaid loan amounts and interest earned will be held in the fund and used to enable other low and moderate income homebuyers to purchase homes in Seattle pursuant to the conditions of the Down Payment Assistance Loan Fund administered by HomeSight.

Section 502. Transfer of Property and Assignment of Agreement

Purchaser represents and agrees that:

A. Purchaser has not made or created or suffered to be made or created any assignment, conveyance, mortgage, lease, trust, power or transfer, of any sort, of this Agreement or any interest herein, or any interest in or relating to the Property, or entered into any agreement or contract to do any of the foregoing and (except sale agreements with homebuyers in accordance with this Agreement and except as

otherwise provided in this Section or as authorized by Subpart 600 or Section 704 herein) Purchaser shall not do any of the foregoing prior to issuance of a Certificate of Completion without the prior written approval of the City, which may be withheld in the City's sole discretion.

B. In order to request City approval for any transaction of the type referenced in Subsection A above, Purchaser shall submit to the City all documents relating to the proposed transaction and such information concerning the proposed transferee as the City shall request. If the City approves the transaction, as a condition of such approval, the transferee shall assume all obligations of Purchaser hereunder and shall agree to comply with such other conditions the City may find desirable in order to achieve and safeguard the purposes of this Agreement.

C. In the absence of a specific written agreement by the City to the contrary, no transfer or approval thereof by the City shall be deemed to relieve Purchaser, or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Improvements, from any of its obligations with respect thereto.

SUBPART 600 - MORTGAGE FINANCING; RIGHTS OF MORTGAGEES

Section 601. Limitation Upon Encumbrance of Property

Prior to the issuance of a Certificate of Completion for the Improvements, Purchaser shall not engage in any financing or any other transaction creating any mortgage or other encumbrance or lien upon the Property without the express written consent of the Director, except for financing documents and related encumbrances and liens substantially as contemplated in a Financing Commitment from the Lender(s), approved or deemed approved by the City pursuant to Section 307 hereof, for acquisition of the Property and construction of the Improvements (the "Approved Financing").

Purchaser shall notify Office of Housing in advance of any proposed financing other than the Approved Financing, secured by mortgage or other similar lien instrument, that Purchaser proposes to enter into with respect to the Property or any part thereof (the "Proposed Financing"), and shall promptly notify the Director of any encumbrance or lien that has been created on or attached to the Property, whether by voluntary act of Purchaser or otherwise. If the terms of the Proposed Financing are reasonably satisfactory to the Director, considering Section 307 hereof, the City shall, approve such Proposed Financing.

Section 602. Mortgagee Not Obligated to Construct

Notwithstanding any of the provisions of this Agreement to the contrary, the holder ("Holder") of any mortgage authorized by the Agreement ("Mortgage") (including any such holder who obtains title to the Property or any portion thereof as a result of

foreclosure proceedings, or action in lieu thereof) shall in no case be obligated by the provisions of the Agreement to construct or complete the Improvements or to guarantee such construction or completion; nor shall any covenant or any other provision in the Statutory Warranty Deed be construed to so obligate such Holder; provided, that nothing in this Section or any other Section or provision of the Agreement shall be deemed or construed to permit or authorize any such holder to devote the Property or any part thereof to any uses, or to construct any improvements thereon, other than those uses or Improvements provided or permitted in the this Agreement.

Section 603. Copy of Notice of Default to Mortgagee

Whenever the City shall deliver any notice or demand to Purchaser with respect to any breach or default by Purchaser in its obligations or covenants under this Agreement, the City shall at the same time forward a copy of such notice or demand to each Holder of any Mortgage which Holder has been identified to the City in writing by Purchaser, at the last address of such Holder shown in the records of the City.

Section 604. Mortgagee's Option To Cure Defaults

After any breach or default by Purchaser under this Agreement, each Holder shall (insofar as the rights of the City are concerned) have the right, at its option, to cure or remedy such breach or default in accordance with the time periods in Section 701, and to add the reasonable cost thereof to the Mortgage debt and the lien of its mortgage; provided, that if the breach or default is with respect to construction of the Improvements, nothing contained in this Agreement shall be deemed to permit or authorize such Holder to undertake or continue the construction or completion of Improvements on the Property (beyond the extent necessary to conserve or protect Improvements or construction already made). In the case of any breach or default occurring after Purchaser shall have acquired the Property and shall have granted a mortgage or deed of trust in favor of Holder, Holder shall have an additional thirty (30) days to cure such breach or default after the expiration of any cure period allowed to Purchaser, and if the breach or default cannot reasonably be cured within such thirty (30) day period then the additional period of cure allowed to Holder shall be extended for such time as is reasonably required to cure such breach or default, provided that Holder shall give notice of its intent to cure and commence cure within such thirty (30) day period and continue diligently to pursue such cure.

Section 605. Mortgage and Holder

For the purposes of the Agreement, the term "Mortgage" shall include a deed of trust or other instrument creating an encumbrance or lien upon the Property, or any part thereof, as security for a loan. The term "Holder" in reference to a Mortgage shall include any insurer or guarantor of any obligation or condition secured by such mortgage.

SUBPART 700 - DEFAULT AND REMEDIES

Section 701. Default

Except as otherwise provided in this Agreement, in the event of any default in or breach of this Agreement, or any of its terms or conditions, by any party hereto, or any successor to a party, such party (or successor) shall, upon written notice from the other, proceed immediately to cure or remedy such default or breach, and, in any event, shall complete such cure within sixty (60) days after receipt of such notice or such shorter period as may be provided herein. In case such action is not taken or not diligently pursued, or the default or breach shall not be cured or remedied within the time permitted hereunder, the aggrieved party may pursue any remedies available at law or in equity, subject to the specific limitations herein.

Section 702. Remedies Upon Default of City

Except as otherwise provided in this Agreement, in the event that, following the notice and cure period specified in Section 701, any of the following occurs:

- a) The City fails to tender conveyance of the Property or otherwise close on the Property in the manner required herein after satisfaction of the conditions provided in this Agreement and receipt of a notice to close from Purchaser as specified herein, and any such failure shall not be cured within sixty (60) days after notice from the Purchaser; or
- b) The Director of the Office of Housing fails or refuses to approve Purchaser's Construction Documents pursuant to the terms of this Agreement or refuses to approve such Construction Documents without providing a statement of the reasons for such refusal, provided this subsection shall not apply to DCLU; or
- c) The City otherwise fails or refuses to comply with the terms and conditions of or is in default or breach of this Agreement prior to Closing;

then at the option of Purchaser this Agreement shall be terminated, upon written notice to the City of such termination, the City shall surrender the Earnest Money Promissory Note to the Purchaser and Purchaser shall have the right, as its sole remedy, to proceed against the City for actual damages, limited to out-of-pocket costs directly related to development of the Property. As used herein, the term "out-of-pocket costs" excludes administrative or overhead costs, legal fees, and also excludes consequential damages of any kind whatsoever, such as but without limitation lost profits, lost business opportunities or interference with business or contractual expectancies.

Section 703. Remedies Upon Default of Purchaser

Except as otherwise provided in this Agreement, in the event that, following the notice and cure periods specified in Section 701 prior to the conveyance of the Property to Purchaser any of the following occurs:

- (a) Purchaser (or any successor in interest) assigns or attempts to assign this Agreement or any rights therein or in the Property without the express consent of the City; or
- (b) Purchaser does not submit Construction Documents, as required by this Agreement, or obtain the permits necessary to allow construction, or in each case, in the manner and by the dates respectively provided in this Agreement; or
- (c) Purchaser, without legal excuse, gives notice that it will be unable or unwilling to close on the Property provided herein; or
- (d) Purchaser, without legal excuse, does not tender the full consideration for and take title to the Property and perform all other obligations of Purchaser at Closing of the Property upon tender of conveyance by the City pursuant to this Agreement; or
- (e) Purchaser, without legal excuse, fails to give written notice of intent to close on the Property pursuant to Section 8(b)(i) of Part I, hereof at least ten (10) days in advance of the last date for Closing of the Property specified in such Section notwithstanding the satisfaction of all conditions to Purchaser's obligation to close except those to be satisfied at Closing; or
- (f) Purchaser, without legal excuse, otherwise fails to comply with the terms of or is in default or breach of this Agreement prior to Closing; or;
- (g) There are multiple failures by Purchaser to comply in material respects with the terms or conditions of the land sale contracts with the City, if such failures are not promptly corrected to the satisfaction of the City,

then at the option of the City this Agreement and any rights of Purchaser or of any assignee or transferee in this Agreement or arising therefrom with respect to the City or the Property shall be terminated upon receipt by Purchaser of written notice of such termination, the Earnest Money Promissory Note shall become immediately due and payable and such sums secured by the Note shall be paid to the City, and neither Purchaser (or assignee or transferee) nor the City shall have any further rights against or liability to the other under this Agreement.

Section 704. Reversion of Title to City Upon Failure to Submit Plans, Obtain Financing, Complete Improvements or Upon Certain Other Events Subsequent to Conveyance to Purchaser

A. The City is selling the Property for the purpose of construction of housing needed by City residents and in reliance on the covenant of Purchaser that such housing will be constructed. Therefore, as set forth in the Statutory Warranty Deed, the

conveyance of the Property to Purchaser shall be subject to a condition subsequent to the effect that in the event of failure to complete the Improvements in a timely manner, or failure timely to perform any obligation under Sections 301, 302, 303, 304, or upon the occurrence of other events described in the Statutory Warranty Deed prior to completion of the Improvements, and after failure on the part of Purchaser to cure or remedy such failure or other event within the period (if any) and in the manner stated in the Statutory Warranty Deed, the City at its option may declare a termination of all the rights and interests in and to the Property conveyed by the Statutory Warranty Deed to Purchaser, and that such title and interests to and in the Property shall vest in the City, upon which all rights of Purchaser (and all persons claiming through Purchaser) in and to the Property and possession thereof shall cease;

Provided, that such condition subsequent and any reverting of title as a result thereof in the City (1) shall always be subordinate to and limited by, and shall not defeat, render invalid, or limit in any way, (i) the lien of any mortgage authorized by the City pursuant to this Agreement, and (ii) any rights or interests provided in this Agreement for the protection of the holders of such mortgages; and (2) shall not apply to the Property once the Improvements to be constructed have been completed in accordance with this Agreement and the Certificate of Completion has been issued as provided in Section 314 hereof; and

B. If the City exercises its right to revest title to the City pursuant to this section, the City shall return to Purchaser, without interest, all funds paid by Purchaser to the City for the Property, after deducting (1) any amounts used to pay off liens incurred or permitted by Purchaser; (2) City expenses related to this transaction, including expenses, if any, of restoring the Property to safe and marketable condition; and (3) any amount by which the appraised value of the Property (or the portion thereof revested in the City) at the time of reverting in the City is exceeded by the price paid by Purchaser (or portion thereof allocable to the portion of the Property revested in the City, determined as stated below).

C. In addition to, and not in the alternative to, the City's power of termination as provided for above, the City shall have the right, at any time when the City would have the right to declare a termination of Purchaser's interest under the terms of the Statutory Warranty Deed, by notice to Purchaser and Escrow Agent, to elect to retain the Completion Deposit, or obtain payment on any bond provided in lieu thereof, in either case without any deduction, offset or recoupment whatsoever, as liquidated damages in the event of default, violation or failure of the Purchaser as specified in this section. If the City makes such election to retain the Completion Deposit or realize on the bond, the City shall give written notice of intent to declare a termination of Purchaser's interest under this Section, and Purchaser shall have ninety (90) days after receipt of the City's notice to remedy the failure or event giving rise to the City's right to terminate Purchaser's interest, prior to effectiveness of any termination.

Section 705. Other Rights and Remedies of City; No Waiver of Delay

Either party shall have the right to institute such actions or proceedings as it may deem desirable for effectuating its remedies. Any delay by either party in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights under this Agreement shall not operate as a waiver of any rights or remedies or to deprive it of or limit such rights or remedies in any way; nor shall any waiver in fact and in writing made with respect to any specific default be considered or treated as a waiver of the rights or remedies of either party with respect to any other defaults or with respect to the particular default except to the extent specifically waived in writing.

SUBPART 800 - MISCELLANEOUS PROVISIONS

Section 801. City's Representations

Except as may be set forth in the Environmental Assessment and Section 202, (i) the Director has not received notification of any kind from any agency (including without limitation any other City Department or federal or state agency) suggesting that the Property is or may be targeted for a federal or state Superfund cleanup or may be contaminated with any Hazardous Substance or other hazardous waste or materials, and (ii) the Director has no actual knowledge of a release or threatened release of any Hazardous Substance or other hazardous waste or materials on the Property.

Section 802. Purchaser's Representations

Purchaser represents and warrants that it is a duly organized and validly existing not-for-profit corporation and has full power and authority to enter into and perform this Agreement and the transactions contemplated hereby; the execution and delivery of this Agreement by the undersigned individual has been duly authorized by all necessary corporate or other action; and this Agreement is the valid binding obligation of Purchaser, enforceable in accordance with its terms.

Section 803. Notices

A notice or communication under this Agreement by one party to any other party shall be effective on the earlier of the date actually received by hand delivery or by mail as evidenced by a signed receipt for certified mail, or three (3) days after deposited in the United States mail, postage prepaid, return receipt requested, to the addresses listed below for the parties or to such other addresses as the parties may, from time to time, designate in writing delivered as provided in this Section. Any notice required or permitted by any applicable law also shall be effective if given in the manner specifically required or permitted by such law.

PURCHASER: Attn: Dorothy Lengyel
HomeSight
3405 South Alaska Street
Seattle, WA 98118

THE CITY: Cynthia Parker, Director
City of Seattle Office of Housing
618 Second Avenue, 8th Floor
Seattle, WA 98104

Section 804. Agreement Survives Conveyance

It is the intent of the parties hereto that none of the provisions of this Agreement shall be merged by reason of any deed transferring any interest in any real or personal property; and any such deeds shall not be deemed to in any way affect or impair any of the provisions, conditions, covenants, or terms of this Agreement, except as otherwise provided in this Agreement.

Section 805. Interpretation

Any titles of the several Parts, Subparts or Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions. The recitals and Exhibits are by this reference incorporated into this Agreement.

Section 806. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

Section 807. City Approval and Consent

The Mayor and the Director are the sole persons authorized to act for and on behalf of the City in connection with this Agreement except where another is required to act by law or by this Agreement.

Section 808. Entire Agreement

This Agreement, including recitals and Exhibits, attached hereto, constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior or contemporaneous oral or written agreements, understandings, statements, documents, reports, studies or communications with respect to the Property or the subject matter hereof.

Section 809. Cooperation

The parties agree to use their best efforts diligently and promptly to take all actions necessary and appropriate in order to satisfy the conditions set forth in this Agreement and to execute and deliver all other documents reasonably necessary to carry out their respective obligations hereunder, including without limitation reasonable instructions to Escrow Agent.

Section 810. Time

Time is the essence of all provisions of this Agreement.

Section 811. Partial Invalidity

Any provision of this Agreement which shall prove to be invalid, void or unenforceable shall in no way affect, impair, or invalidate any other provision hereof, and such other provisions shall remain in full force and effect.

Section 812. Governing Law; Venue

This Agreement shall be governed by the laws of the State of Washington. Any action brought to interpret or enforce this Agreement shall be laid in the Superior Court of King County, Washington at Seattle.

Section 813. Successors and Assigns

This Agreement shall be binding upon the parties hereto and their respective successors and assigns, subject to the limitations on transfer herein.

Section 814. No Third Party Beneficiaries

The provisions hereof are for the sole benefit of the parties hereto and, subject to restrictions on transfers by Purchaser stated herein, their respective successors and assigns (including Holders to the extent provided herein). No other parties shall have any rights or remedies hereunder.

Section 815. Amendments

Amendments to this Agreement may be made only after written approval by the City and Purchaser. Amendments which are not fairly within the scope of Ordinance _____ shall not be effective unless authorized by ordinance.

Section 816. Waiver of Rights Under RCW Chapter 64.06

Purchaser hereby irrevocably waives the right to receive a disclosure statement pursuant to RCW Chapter 64.06 and waives any right to rescind this Agreement under RCW Chapter 64.06.

Section 817. Brokerage Commission

Purchaser and Seller agree that no real estate brokers are involved in this transaction or shall be compensated in connection with the sale of the Property or any portion thereof. If any such commission or fee is or becomes due by reason of the conduct of one party, then that party shall pay such fee or commission and shall indemnify and hold the other party harmless from and against any liability for the same.

Section 818. Force Majeure

In the event that either party is unable to perform its obligations under this Agreement or to enjoy any of its benefits because of acts of God, war, civil commotion, riots, strikes, picketing, other labor disputes, damage to work in progress by reason of fire or other casualty, severe weather, or any other cause beyond the reasonable control of said party (hereinafter referred too as a "Force Majeure Event" or "Event"), the party who has been so affected promptly shall give notice to the other party and shall do everything reasonably possible to resume performance. Upon receipt of such notice, the affected party shall be excused from such performance as is affected by the Force Majeure Event for the period of such Event. If the period of the non-performance six months from the receipt of the notice of the Force Majeure Event, the party whose ability to perform has not been so affected may terminate this Agreement by giving written notice.

Section 819. Calculation of Time

If the time for performance of any of the terms, conditions and provisions hereof shall fall on a Saturday, Sunday or legal holiday, then the time of such performance shall be extended to the next business day thereafter.

Section 820. Definitions

The following terms are defined in the section referenced below next to such term:

Agreement	-	Preamble
City	-	Preamble
HomeSight	-	Preamble
Purchaser	-	Preamble
Dearborn-Hiawatha Properties		Recitals
RDQ	-	Recitals
Proposal	-	Recitals
Icon	-	Recitals

Seattle Cohousing		Recitals
Director	-	Recitals
Office of Housing	-	Recitals
Conceptual Design		Recitals
Property	-	Section 1
Purchase Price	-	Section 2
Statutory Warranty Deed		Section 3
Title Company	-	Section 4
Title Commitment	-	Section 4
Permitted Exceptions	-	Section 4
Liens	-	Section 4
Escrow Agent	-	Section 5
Earnest Money Promissory Note	-	Section 6
Closing	-	Section 8
Completion Deposit	-	Section 8
Improvements	-	Section 101
Environmental Assessment	-	Section 201
AS-IS		Section 201
Changed Condition	-	Section 202
Hazardous Substances	-	Section 206
Construction Agreement		Section 207
Schematic Design		Section 302
DCLU	-	Section 303
Construction Documents		Section 303
Financing Commitment	-	Section 307
Lender(s)		Section 307
Schedule		Section 309
Certificate of Completion	-	Section 313
Permits	-	Section 314
Approved Financing	-	Section 601
Proposed Financing	-	Section 601
Holder	-	Section 602, 605
Mortgage	-	Section 602, 605
Developer	-	Exhibit XI

Section 821. Exhibits

The following Exhibits are part of this Agreement and are incorporated herein by this reference:

Exhibit I	Legal Description of Property
Exhibit II	Map of Property Location
Exhibit III	Preliminary Title Report with Permitted Exceptions
Exhibit IV	King County Noxious Weed Information
Exhibit V	Conceptual Design

Exhibit VI Form of Earnest Money Promissory Note
 Exhibit VII Conditions to the Right of Entry
 Exhibit VIII Statutory Warranty Deed
 Exhibit IX Quit Claim Deed
 Exhibit X Construction Agreement between SPU and Purchaser
 Exhibit XI Certificate of Completion

EXECUTED as of the day and year first above written.

CITY: **THE CITY OF SEATTLE,**
 a municipal corporation of the State of
 Washington

By: _____
 Cynthia Parker
 Director, Office of Housing

PURCHASER: **HomeSight**
 a Washington nonprofit
 corporation _____

By: _____
 Dorothy Lengyel
 Executive Director

STATE OF WASHINGTON)
) ss.
 COUNTY OF KING)

On this ____ day of _____, 1999, personally appeared before me Cynthia Parker, to me known to be Director of the Office of Housing of the City of Seattle, the municipal corporation that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said municipal corporation for the uses and purposes therein mentioned and on oath stated that she was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said municipal corporation.

WITNESS my hand and official seal the date and year first above written.

 NOTARY PUBLIC in and for the State of
 Washington, residing at _____

HomeSight
 Purchase and Sale Agreement
 7-Jul-99

Page 29

a:\homesightpsa_7-07-99.doc

My Commission expires _____
Print name: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this ____ day of _____, 1999, personally appeared before me Dorothy Lengyel, to me known to be the Executive Director 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 she was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said Washington not-for-profit corporation.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My Commission expires _____
Print name: _____

Exhibit I
Legal Description of the Property

Dearborn Hiawatha Parcel 4(b):

Lot 1 through 11, inclusive, All in Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, in King County, Washington.

Subject to an easement over that certain strip of land fourteen (14) feet in width described as follows:

That portion of Lots 1 through 7, inclusive, Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, Records of King County, Washington, lying westerly of a line parallel with and 30 feet easterly of the Most Easterly lines of Lots 10, 7 and 8, and of said Most Easterly lines produced, all in Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington;

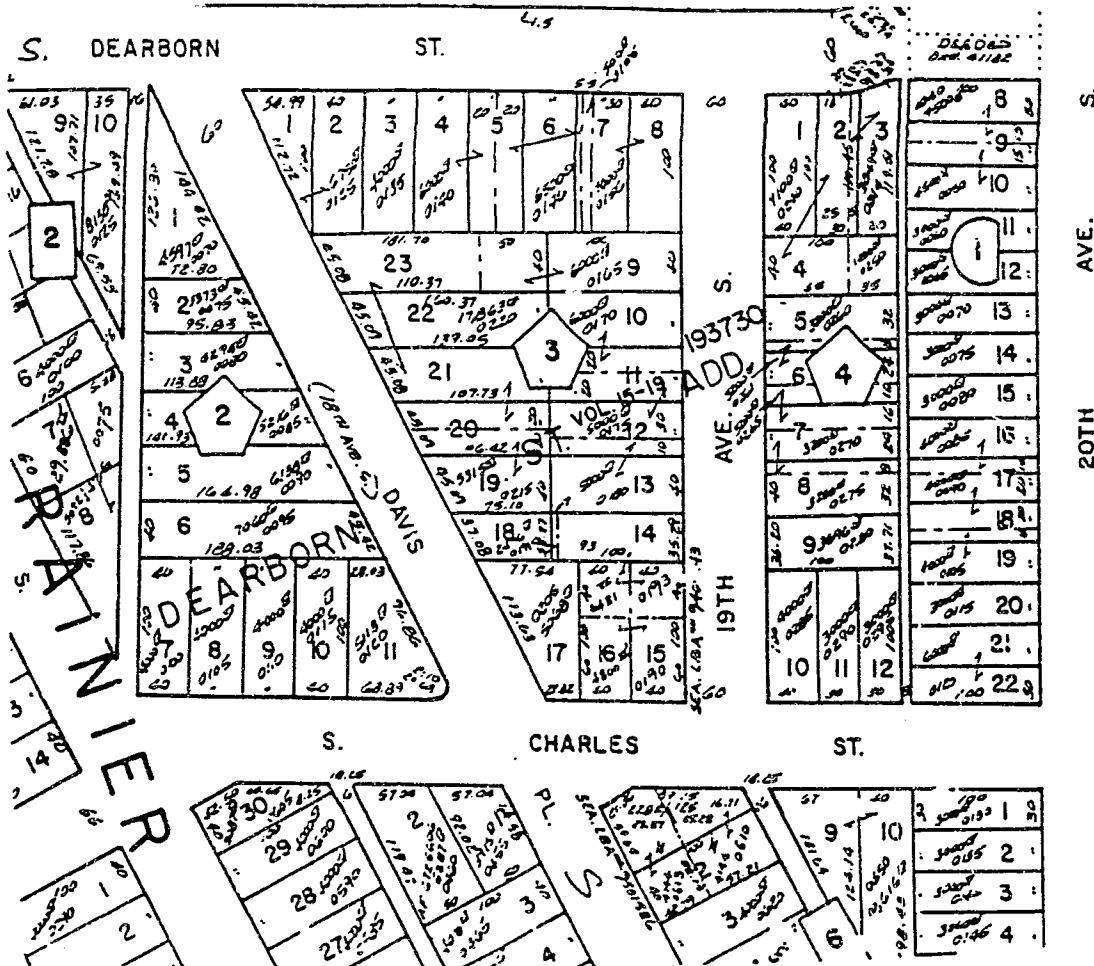
together with that portion, if any, of Government Lot 13 in Section 4, Township 24 North, Range 4 East, W.M., lying southerly of the South margin of South Dearborn Street, northerly of the North margin of South Charles Street, westerly of the West line of said Block 2, Dearborn Street Addition to the City of Seattle, and easterly of the East margin of the alley lying east of said Block 2, Rainier Boulevard Addition to the City of Seattle, as said alley was platted in said plat of Rainier Boulevard Addition to the City of Seattle;

situate in the City of Seattle, County of King, State of Washington.

Exhibit II
Map of Property Location

DEARBORN STREET ADDITION

15/19



PACIFIC NORTHWEST TITLE COMPANY

Formerly Stewart Title Company

Order No. 325772

IMPORTANT: This is not a Plat of Survey. It is furnished as a convenience to locate the land indicated hereon with reference to streets and other land. No liability is assumed by reason of reliance hereon.

NORTH



SOUTH

HomeSight
Purchase and Sale Agreement
7-Jul-99

Page 32

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IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Exhibit III
Preliminary Title Report with Permitted Exceptions

PACIFIC NORTHWEST TITLE COMPANY
OF WASHINGTON, INC.
1201 Third Avenue, Suite 3800
Seattle, Washington 98101
Senior Title Officer, Marilyn Sanden
Senior Title Officer, Bob Curtis
Unit No. 2
FAX No. (206) 343-8400
343-1345

City of Seattle, Department of Neighborhoods
700 3rd Avenue #400 Title Order No.: 325772
Seattle, Washington 98104
Attention: Elizabeth
Customer Ref.: Hiawatha L-2

SECOND REPORT
A. L. T. A. COMMITMENT
SCHEDULE A

Effective Date: November 30, 1997, at 8:00 a.m.

1. Pacific Northwest Title Insurance Company Policy(ies) to be issued:

ALTA Owner's Policy	Amount	TO BE AGREED UPON
Standard (X) Extended ()	Premium	
	Tax (8.6%)	

Proposed Insured:

TO FOLLOW

NOTE: IF EXTENDED COVERAGE FOR OWNERS OR LENDERS WILL BE REQUIRED FOR A PENDING TRANSACTION, PLEASE NOTIFY US AT LEAST ONE WEEK PRIOR TO CLOSING SO THAT WE MAY INSPECT THE PREMISES.

2. The estate or interest in the land described herein and which is covered by this commitment is fee simple.
3. The estate or interest referred to herein is at Date of Commitment vested in:
- THE CITY OF SEATTLE, a municipal corporation
4. The land referred to in this commitment is situated in the County of King, State of Washington, and described as follows:
- As on Schedule A, page 2, attached.

Exhibit III
Preliminary Title Report with Permitted Exceptions

A.L.T.A. COMMITMENT
SCHEDULE A
Page 2

Order No. 325772

The land referred to in this commitment is situated in the county of King, state of Washington, and described as follows:

Lots 1 through 11, inclusive, All in Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, in King County, Washington.

END OF SCHEDULE A

NOTE FOR INFORMATIONAL PURPOSES ONLY:

The following may be used as an abbreviated legal description on the documents to be recorded, per amended RCW 65.04. Said abbreviated legal description is not a substitute for a complete legal description within the body of the document.

Lots 1-11, Block 2, Dearborn Street Add. to the City of Seattle,
Vol. 15, pg. 19

Exhibit III
Preliminary Title Report with Permitted Exceptions

PACIFIC NORTHWEST TITLE COMPANY OF WASHINGTON, INC.
A.L.T.A. COMMITMENT
Schedule B Order No. 325772

- I. The following are the requirements to be complied with:
- A. Instruments necessary to create the estate or interest to be insured must be properly executed, delivered and duly filed for record.
 - B. Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest to be insured.
- II. Schedule B of the Policy or Policies to be issued (as set forth in Schedule A) will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:
- A. Defects, liens, encumbrances, adverse claims or other matters, if any created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
 - B. GENERAL EXCEPTIONS:
 - 1. Rights or claims of parties in possession not shown by the public records.
 - 2. Public or private easements, or claims of easements, not shown by the public record.
 - 3. Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey or inspection of the premises.
 - 4. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records, or Liens under the Workmen's Compensation Act not shown by the public records.
 - 5. Any title or rights asserted by anyone including but not limited to persons, corporations, governments or other entities, to tide lands, or lands comprising the shores or bottoms of navigable rivers, lakes, bays, ocean or sound, or lands beyond the line of the harbor lines as established or changed by the United States Government.
 - 6. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water.
 - 7. Any service, installation, connection, maintenance, capacity, or construction charges for sewer, water, electricity or garbage removal.
 - 8. General taxes not now payable or matters relating to special assessments and special levies, if any, preceding the same becoming a lien.
 - 9. Indian tribal codes or regulations, Indian treaty or aboriginal rights, including, but not limited to, easements or equitable servitudes.
 - C. SPECIAL EXCEPTIONS: As on Schedule B, attached.

Exhibit III
Preinary Title Report with Permitted Ex tions

A.L.T.A. COMMITMENT
SCHEDULE B
Page 2

Order No. 325772

SPECIAL EXCEPTIONS:

NOTE FOR INFORMATION PURPOSES ONLY:

EFFECTIVE JANUARY 1, 1997, AND PURSUANT TO AMENDMENT OF WASHINGTON STATE STATUTES RELATING TO STANDARDIZATION OF RECORDED DOCUMENTS, THE FOLLOWING FORMAT AND CONTENT REQUIREMENTS MUST BE MET. FAILURE TO COMPLY MAY RESULT IN REJECTION OF THE DOCUMENT BY THE RECORDER.

FORMAT:

MARGINS TO BE 3" ON TOP OF FIRST PAGE, 1" ON SIDES AND BOTTOM - 1" ON TOP, SIDES AND BOTTOM OF EACH SUCCEEDING PAGE. RETURN ADDRESS IS ONLY ITEM ALLOWED WITHIN SAID 3" MARGIN. NOTHING WITHIN 1" MARGINS.

FONT SIZE OF 8 POINTS OR LARGER AND PAPER SIZE OF NO MORE THAN 8 1/2" BY 14".

NO ATTACHMENTS ON PAGES SUCH AS STAPLED OR TAPED NOTARY SEALS; PRESSURE SEALS MUST BE SMUDGED.

INFORMATION WHICH MUST APPEAR ON THE FIRST PAGE:

RETURN ADDRESS, WHICH MAY APPEAR WITHIN THE UPPER LEFT HAND 3" MARGIN.

TITLE OR TITLES OF DOCUMENT.

IF ASSIGNMENT OR RECONVEYANCE, REFERENCE TO RECORDING NUMBER OF SUBJECT DEED OF TRUST.

NAMES OF GRANTOR(S) AND GRANTEE(S) WITH REFERENCE TO ADDITIONAL NAMES ON FOLLOWING PAGES, IF ANY.

ABBREVIATED LEGAL DESCRIPTION (LOT, BLOCK, PLAT NAME, OR SECTION, TOWNSHIP, RANGE AND QUARTER SECTION FOR UNPLATTED).

ASSESSOR'S TAX PARCEL NUMBER(S).

(continued)

Exhibit III
Preliminary Title Report with Permitted Exceptions

A.L.T.A. COMMITMENT
SCHEDULE B
Page 3

Order No. 325772

SPECIAL EXCEPTIONS (continued):

1. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0070-05

The full amount of the general tax for the year 1998 without the exemption would be \$279.64.

AFFECTS: Lot 1, Block 2

2. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0075-00

The full amount of the general tax for the year 1998 without the exemption would be \$205.47.

AFFECTS: Lot 2, Block 2

3. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0080-03

The full amount of the general tax for the year 1998 without the exemption would be \$261.40.

AFFECTS: Lot 3, Block 2

4. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0085-08

The full amount of the general tax for the year 1998 without the exemption would be \$317.33.

AFFECTS: Lot 4, Block 2

(continued)

Exhibit III
Preparatory Title Report with Permitted Exemptions

A.L.T.A. COMMITMENT
SCHEDULE B
Page 4

Order No. 325772

5. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0090-01

The full amount of the general tax for the year 1998 without the exemption would be \$373.25.

AFFECTS: Lot 5, Block 2

6. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0095-06

The full amount of the general tax for the year 1998 without the exemption would be \$429.18.

AFFECTS: Lot 6, Block 2

7. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0100-09

The full amount of the general tax for the year 1998 without the exemption would be \$243.16.

AFFECTS: Lot 7, Block 2

8. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0105-04

The full amount of the general tax for the year 1998 without the exemption would be \$243.16.

AFFECTS: Lot 8, Block 2

(continued)

Exhibit III
Preliminary Title Report with Permitted Exemptions

A.L.T.A. COMMITMENT
SCHEDULE B

Page 5

Order No. 325772

9. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0110-07

The full amount of the general tax for the year 1998 without the exemption would be \$243.16.

AFFECTS: Lot 9, Block 2

10. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0115-02

The full amount of the general tax for the year 1998 without the exemption would be \$243.16.

AFFECTS: Lot 10, Block 2

11. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0120-05

The full amount of the general tax for the year 1998 without the exemption would be \$311.25.

AFFECTS: Lot 11, Block 2

12. Title is to vest in persons not yet revealed and when so vested will be subject to matters disclosed by a search of the records against their names.

13. Payment of Real Estate Excise Tax, if required.

The property described herein is situated within the boundaries of local taxing authority of City of Seattle.

Present Rate of Real Estate Excise Tax as of the date herein is 1.78%.

(continued)

Exhibit III
Preliminary Title Report with Permitted Exceptions

Order No. 325772

A.L.T.A. COMMITMENT
SCHEDULE B
Page 6

14. Until the amount of the policy to be issued is provided to us, and entered on the commitment as the amount of the policy to be issued, it is agreed by every person relying on this commitment that we will not be required to approve any policy amount over \$100,000, and our total liability under this commitment shall not exceed that amount.

NOTE 1: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0070-05
AFFECTS: Lot 1, Block 2

AMOUNT BILLED: \$10.44
AMOUNT PAID: \$10.44

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

NOTE 2: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0075-00
AFFECTS: Lot 2, Block 2

AMOUNT BILLED: \$7.58
AMOUNT PAID: \$7.58

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

NOTE 3: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0080-03
AFFECTS: Lot 3, Block 2

AMOUNT BILLED: \$9.48
AMOUNT PAID: \$9.48

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

Exhibit III
Preliminary Title Report with Permitted Exceptions

Order No. 325772

A.L.T.A. COMMITMENT
SCHEDULE B
Page 7

NOTE 4: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0085-08
AFFECTS: Lot 4, Block 2

AMOUNT BILLED: \$11.38
AMOUNT PAID: \$11.38

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

NOTE 5: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0090-01
AFFECTS: Lot 5, Block 2

AMOUNT BILLED: \$13.28
AMOUNT PAID: \$13.28

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

NOTE 6: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0095-06
AFFECTS: Lot 6, Block 2

AMOUNT BILLED: \$15.16
AMOUNT PAID: \$15.16

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

NOTE 7: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0100-09
AFFECTS: Lot 7, Block 2

AMOUNT BILLED: \$8.54
AMOUNT PAID: \$8.54

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

(continued)

Exhibit III
Preliminary Title Report with Permitted Exemptions

A.L.T.A. COMMITMENT
SCHEDULE B
Page 8

Order No. 325772

NOTE 8: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0105-04
AFFECTS: Lot 8, Block 2

AMOUNT BILLED: \$8.54
AMOUNT PAID: \$8.54

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

NOTE 9: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0110-07
AFFECTS: Lot 9, Block 2

AMOUNT BILLED: \$8.54
AMOUNT PAID: \$8.54

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

NOTE 10: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0115-02
AFFECTS: Lot 10, Block 2

AMOUNT BILLED: \$8.54
AMOUNT PAID: \$8.54

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

Exhibit III
Preliminary Title Report with Permitted Exceptions

Order No. 325772

A.L.T.A. COMMITMENT
SCHEDULE B
Page 9

NOTE 11: SPECIAL TAXES OR CHARGES:

YEAR:	1998
TAX ACCOUNT NUMBER:	191730-0120-05
AFFECTS:	Lot 11, Block 2
AMOUNT BILLED:	\$11.38
AMOUNT PAID:	\$11.38
AMOUNT BILLED:	\$5.00
AMOUNT PAID:	\$5.00

NOTE 12: Upon notification of cancellation, there will be a minimum cancellation fee of \$50.00 plus tax of \$4.30.

END OF SCHEDULE B

Title to this property was examined by:

LaVonne Bowman

Any inquiries should be directed to one of the title officers set forth in Schedule A.

LB/pjn/9569Z

Exhibit IV
King County Noxious Weed Informat.

Document

Page 1 of 7

WAC1997

WAC 16-752-620 Noxious weed seed and plant quarantine--Prohibited acts.

It is prohibited to transport, buy, sell, offer for sale, or to distribute plants or plant parts of the regulated species listed in WAC 16-752-610 into or within the state of Washington or to sell, offer for sale, or distribute seed packets of the seed, flower seed blends, or wildflower mixes of these regulated species into or within the state of Washington.

[Statutory Authority: Chapters 17.10 and 17.24 RCW. 92-07-025, § 16-752-620, filed 1/10/92, effective 4/10/92.]

→ WAC 16-752-630 Noxious weed seed and plant quarantine--Exceptions.

The prohibition on transporting of plants and plant parts shall not apply to plant or plant parts collected for herbariums, research in control methods, creation of pressed specimens, or for educational or identification purposes and other scientific activities: Provided, That all activities requiring live plants are conducted in such a manner as to prevent infestation. In addition, plants or plant parts may be transported as a part of a noxious weed control activity at a sanitary landfill to be burned or otherwise for disposition under the supervision of a noxious weed control agency.

[Statutory Authority: Chapters 17.10 and 17.24 RCW. 92-07-025, § 16-752-630, filed 1/10/92, effective 4/10/92.]

WAC 16-752-640 Noxious weed seed and plant quarantine--Permits.

The director may allow the movement of materials, otherwise prohibited, by special permit. Such permit shall specify the terms and conditions under which movement is allowed.

[Statutory Authority: Chapters 17.10 and 17.24 RCW. 92-07-025, § 16-752-640, filed 1/10/92, effective 4/10/92.]

WAC 16-752-650 Noxious weed seed and plant quarantine--Disposition of regulated articles.

Any plants, plant parts, or seed packets transported, bought, sold, or offered for sale in violation of this noxious weed quarantine shall be subject to destruction or shipment out-of-state or other disposition in a manner prescribed by the director to prevent infestation. Any action shall be at the expense of the owner or the owner's agent and without compensation.

[Statutory Authority: Chapters 17.10 and 17.24 RCW. 92-07-025, § 16-752-650, filed 1/10/92, effective 4/10/92.]

WAC 16-752-660 Noxious weed seed and plant quarantine--Penalties.

Any person who violates the terms of the noxious weed quarantine, as provided in WAC 16-752-600 through 16-752-650, or who aids or abets in such violation, shall be subject to the civil and/or criminal penalties provided in chapter 17.24 RCW.

[Statutory Authority: Chapters 17.10 and 17.24 RCW. 92-07-025, § 16-752-660, filed 1/10/92, effective 4/10/92.]

Title 18 WAC
AIR POLLUTION

9/24/98

11:20:18 AM

HomeSight
Purchase and Sale Agreement
7-Jul-99

Page 44

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Exhibit IV
King County Noxious Weed Information



King County
Noxious Weed Control Program
Resource Lands and Open Space Section
Water and Land Resources Division
Department of Natural Resources
810 Third Avenue, Suite 350
Seattle, WA 98104
Phone (206) 296-0290 FAX (206) 296-1473

September 24, 1998

Elizabeth Butler
City of Seattle
Department of Neighborhoods
700 3rd Ave, Suite 400
Seattle, WA 98104

Dear Elizabeth:

This is my recommendation for controlling the hogweed growing along 18th Ave S. and Dearborn St. Giant hogweed is a Class A noxious weed with eradication as the ultimate goal. Clearing the vegetation is important, although many of the seeds have dispersed. As we discussed, the hogweed may be transported to the landfill as part of your noxious weed control. The truck load needs to be covered to prevent seeds or other plant material from blowing out the back.

Next spring, around late April or early May, spray the hogweed with a systemic herbicide as it reaches about two to three feet in height. The leaves of the hogweed should be on the larger side to allow the herbicide to translocate to the roots. Since the site is slated for development you can either use Glyphosate (Roundup) or Triclopyr (Garlon). Glyphosate will kill all the vegetation on site, while Triclopyr will effect broad leaf plants but not damage the grass. Depending on how soon ground is broken on the site you may want to use Triclopyr to preserve the grass. Grasses will compete with the hogweed for nutrients and soil moisture. A grass seeding will help to hold the soil and prevent the slope from eroding or sloughing. Depending on how serious a factor erosion is on the site, you may wish to seed the site in mid October to allow the fall rains to provide moisture for germination.

When applying herbicide, make sure to follow the label and apply in recommended concentrations. Apply a complete coverage of herbicide to the hogweed from top to bottom to kill the plant. Spray to wet the entire plant but not to the point to where it runs off the plant. On a periodic basis, about every two weeks, check to be sure that the weeds do not grow unchecked. Look for weeds that were skipped in the initial application and weeds that have emerged since the prior application. These weeds can be dug out of the ground or re-sprayed. Just cutting the weeds down does not control them. Monitor the site for weeds periodically. Remove or spray the weeds as necessary.

Timing is critical for hogweed control. Monitoring the site and checking the plants progress will be an important factor for when you begin your control efforts next spring.

Enclosed are copies of the Unwelcome Guest color brochure, an introduction to the state weed law RCW 17.10, the state department of agriculture's quarantine list, and the exception for transporting the plant to a landfill WAC 752.630. If I can be of any further assistance, if you have any questions or concerns that surface please call us at (206) 296-0290.

Sincerely,

Sean MacDougall
Noxious Weed Inspector

Who is responsible for weed control?

RCW 17.10 holds landowners, including counties and state land agencies, responsible for controlling weeds on their property. Federally owned lands are subject to the Federal Noxious Weed Act (Public Law 93-629). Since many people are unfamiliar with noxious weeds, the state and county weed boards and weed districts are available to provide information on identification and control options. Landowners can choose the control method they feel is most appropriate for their property.

How can I battle noxious weeds?

Several weapons are available for battling these noxious invaders. Options include:

- *Prevention activities*, such as learning to recognize and eliminate weeds before they establish
- *Cultural methods*, such as rotating crops and timing fertilizer applications
- *Mechanical methods*, such as hand-pulling and managing tillage practices
- *Biological methods* using natural enemies, such as insects and diseases, that attack weeds and help suppress infestations
- *Herbicide control* using EPA-approved products in compliance with the label

In many cases, these approaches can be integrated to provide the most effective management strategy.

Where can I find more information?

To find out more about weeds and weed control in Washington, contact:

King County Noxious Weed Control Board
Natural Resources Division
506 Second Ave., Suite 720
Seattle, WA. 98104-2311
(206) 214-0290

or

Washington State
Noxious Weed Control Board
1851 South Central Place, Suite 211
Kent, WA 98031-7507
(206) 872-2318
(206) 872-2972

or

Washington State
Department of Agriculture
2015 South First Street
Yakima, WA 98903
(509) 576-3039

*Help protect Washington's
environment from
noxious weeds!*

Noxious Weeds in Washington State

An Introduction to Washington's Weed Laws

RCW 17.10
RCW 17.04
RCW 17.06
WAC 16-750

Exhibit IV County Noxious Weed Information

What is a noxious weed?

Noxious weeds are non-native plants that have been introduced to Washington through human actions. Because of their aggressive growth and lack of natural enemies in the state, these species can be highly destructive, competitive or difficult to control.

Noxious weeds are everybody's problem. Each year, these plants cost Washington millions of dollars. Noxious weeds result in losses estimated at 24% of Washington's gross agricultural product. In addition, introduced species are the second leading cause of reductions in biological diversity. These exotic species not only reduce crop yields and destroy native plant and animal habitat; they can damage recreational opportunities, clog waterways, lower land values, and poison humans and livestock.

Does the law require weed control?

Washington's weed law (RCW 17.10) mandates the control of many weed species. "Control" is defined in WAC 16-750 as the prevention of all seed production. Each year, a list of noxious weeds is developed. The complete weed list (found in WAC 16-750) encompasses three different categories of weeds:

Class A weeds are non-native species with a limited distribution in Washington. Preventing new infestations and eradicating existing infestations is the highest priority.

Class B weeds are non-native species that are presently limited to portions of the state. Class B species are designated for control in regions where they are not yet widespread. Preventing infestations in these areas is a high priority. In regions where a Class B species is already abundant, control is decided at the local level, with containment as the primary goal.

Class C weeds are other non-native weeds found in Washington. Many of these species are widespread in the state. Long-term programs of suppression and control are a local option, depending upon local threats and the feasibility of control in local areas.

Who administers the weed law?

RCW 17.10 also establishes a program for administering the weed law. Education, coordination, and enforcement activities are carried out by three groups:

Washington State Noxious Weed Control Board

Washington's weed program is coordinated through the Washington State Noxious Weed Control Board. The State Weed Board's mission is to serve as responsible stewards of Washington's land and resources by protecting and preserving it from the degrading impact of exotic, invasive noxious weeds. The state board pursues this mission by:

- Increasing public awareness of weed problems through education
- Coordinating and assisting county weed boards with their educational and weed control efforts
- Assembling and distributing information on Washington's weeds
- Developing statewide integrated pest management plans for specific species
- Promoting cooperation and compliance from state and federal land agencies and tribal governments
- Developing the state weed list

County Noxious Weed Control Boards

RCW 17.10 allows for the activation of a weed board in each county. County weed programs provide many services to the communities they serve, including:

- Conducting ongoing weed surveys to detect new infestations before they spread
- Educating landowners to achieve voluntary compliance with the state weed law
- Providing the public with technical information on weeds and control options
- Setting local weed control priorities
- Carrying out weed enforcement actions as needed to protect resources

Weed districts, which were established under Washington's first weed laws, RCW 17.04 and 17.06, still operate in some regions of the state. These districts are responsible for weed control in small areas, typically the size of irrigation districts. Weed districts have responsibilities and activities similar to county weed boards.

Washington State Department of Agriculture

The Washington State Department of Agriculture also plays a role in the state weed program by:

- Performing any necessary enforcement activities in counties without activated weed boards
- Negotiating and ruling in intercounty disputes

Exhibit V
Conceptual Design

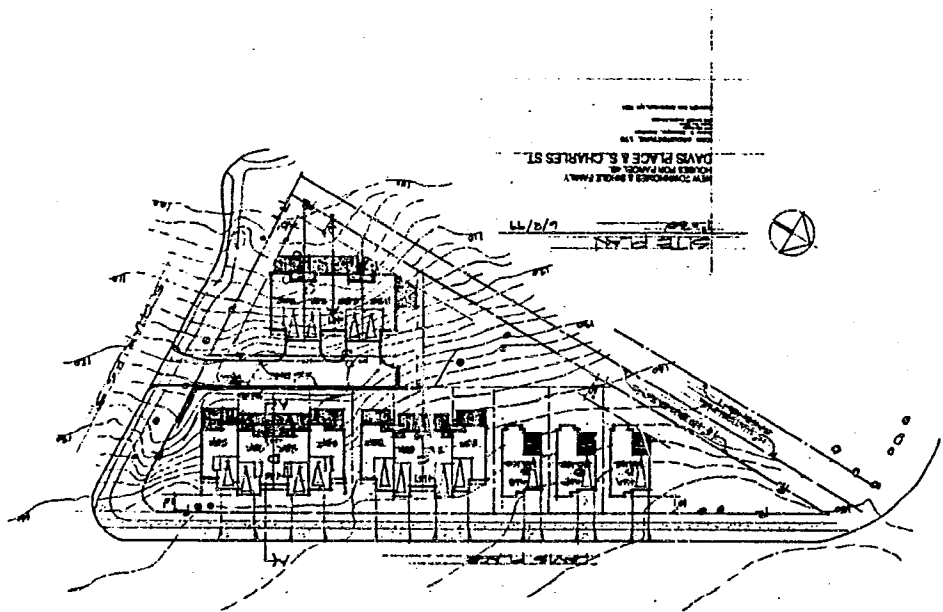
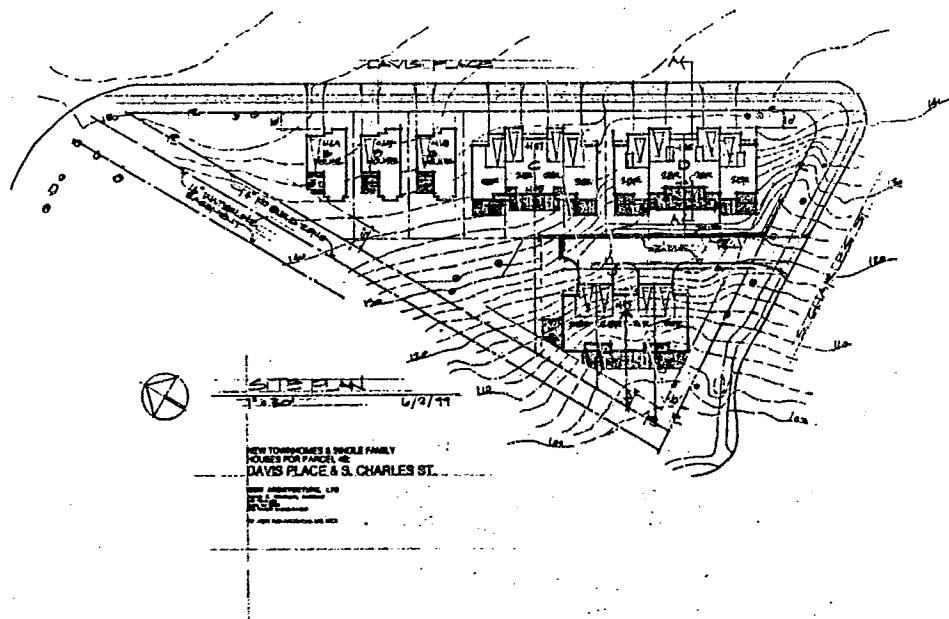


Exhibit V
Conceptual Design



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Exhibit V
Conceptual Design

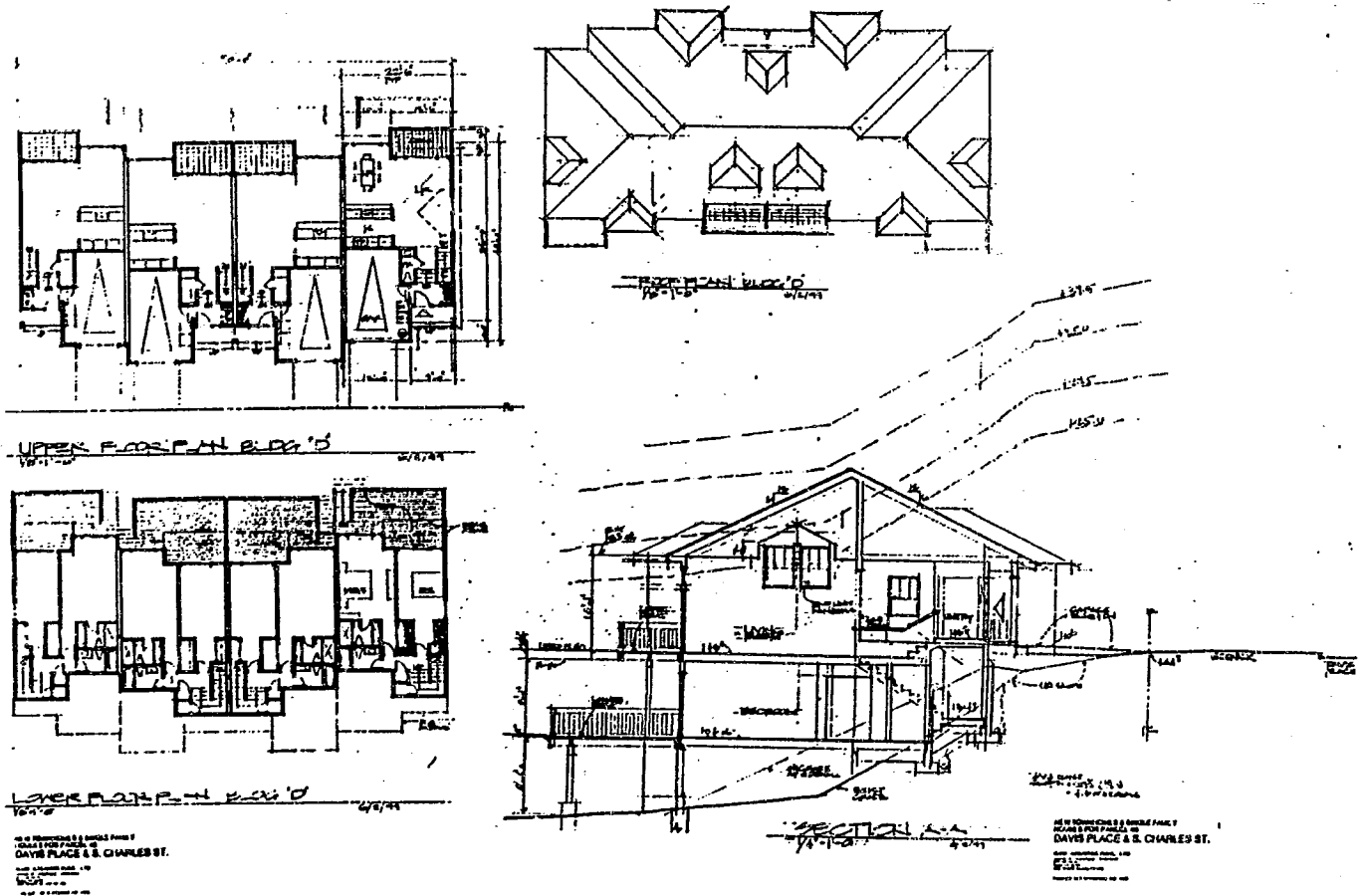


Exhibit VI
Form of Earnest Money Promissory Note

PROMISSORY NOTE

\$XX,000

July __, 1999

1. PROMISE TO PAY: FOR VALUE RECEIVED, HomeSight, (hereinafter "Maker"), promises to pay to The City of Seattle, Office of Housing (hereinafter "Holder"), at the address below, or such other place as holder hereof may from time to time designate in writing, the principal sum of Five Thousand Six Hundred Seventy Five Dollars (\$5,675.00), with no interest thereon until due, then interest at the rate of 10% per annum. This note is given as an earnest money deposit upon execution of the Purchase and Sale Agreement ("PSA") dated August __, 1999, for the real property described as Dearborn-Hiawatha Parcel 4(b) located on the west side of Davis Place S between S Dearborn St and S Charles Place, in Seattle Washington.
2. PAYMENT: Maker shall pay the entire principal sum and accrued interest to Holder upon demand, after Holder's sixty (60) day notice to Maker of Maker's default in performance of the terms of the Purchase and Sale Agreement executed on ____ by Maker and the City (PSA), and Maker's failure to cure such default within the period allowed by the PSA. In the event that Maker does not default in the performance of the obligations of Maker described in the PSA, this note shall be cancelled, and returned to the Maker by the Holder at the time of the closing of the sale of the real property.
3. PREPAYMENT: The Maker may prepay this Promissory Note in whole or in part at any time. No penalty or premium shall be charged in the event of prepayment.
4. DEFAULT: If default be made in payment of the Promissory Note, pursuant to the terms of the PSA, then without prior notice, the entire indebtedness secured hereby shall be immediately due and payable, and shall bear interest at the rate of ten (10%) per annum.
5. ATTORNEY'S FEES: In the event this Promissory Note is placed in the hands of an attorney for collection, or if suit shall be brought to collect any of the principal or interest of this Note, Maker shall the Holder's reasonable attorney's fees, in addition to all costs of collection and expenses of suit.
6. WAIVER OF PRESENTMENT: Presentation of payment, notice of dishonor, protest and notice of protest are hereby waived.
7. NON-WAIVER: Failure to exercise any right or option of Holder shall not constitute a waiver of the right to exercise such right or option if Maker is in default hereunder.
8. EXECUTION AS PRINCIPAL: Each Maker of this Note executes the same as a principal and not as surety.

Exhibit VI
Form of Earnest Money Promissory Note

9. **APPLICABLE LAW:** This Promissory Note shall be given and construed and enforced in accordance with the laws of the State of Washington. Any suit or action brought hereunder shall be submitted to the jurisdiction of King County Superior Court in the State of Washington.
10. **NOTICES:** All notices, demands, requests, consents, approvals and other instruments required or permitted to be given pursuant to the terms of this Note or the Letter of Credit shall be in writing and shall be deemed to have been properly given if sent by registered or certified mail, postage prepaid, return receipt requested, to the addresses set forth below.

HOLDER: City of Seattle
Office of Housing,
618 Second Avenue,
Eighth Floor
Seattle, WA 98104
Attention: Cynthia Parker

MAKER: HomeSight
3405 S Alaska St.
Seattle, WA 98118.

Provided, however, that such address may be changed upon five days written notice thereof similarly given to the other party. Such notice, demand, request, consent, approval and other instrument shall have been deemed to have been served on the third day following the date of mailing.

MAKERS SIGNATURE:

Title: _____

Date: _____

Exhibit VII
Conditions to the Right of Entry

The City of Seattle grants to Purchaser, its employees, agents and contractors, the right to enter onto the Property located at _____ subject to the following terms and conditions.

A. Purchaser's entry upon the Property, including any Improvements thereon, shall occur during normal business hours for the purposes set forth in this Agreement, upon at least forty-eight (48) hours prior notice (which may be by facsimile) to the City and, in the City's discretion, in the presence of an agent or employee of the City.

B. Any contract entered into by Purchaser for any consultants' services with regard to the Property shall expressly provide that the City shall have no obligation hereunder and that the charges for such services shall not be a lien on the Property unless and until Purchaser shall have completed the purchase of such Prior to entry of each such consultant, Purchaser shall provide the City with a lien waiver from that consultant.

C. No activities (including without limitation excavations) that require a permit under applicable City or other governmental codes or regulations shall be conducted on the Property unless Purchaser obtains such permits at its sole expense and complies with all conditions thereof. Copies of such permits or orders shall be supplied to the City upon its request.

D. If any noxious, non-native vegetation, including giant hogweed, is removed from the Property, Purchaser shall comply with King County requirements to prevent the spread of such vegetation (Exhibit IV). Purchaser shall transport such vegetation securely covered to prevent the spread of seeds, and shall not dispose of such vegetation at composting stations.

E. Purchaser shall use its best efforts to avoid the creation or maintenance of hazards as a result of its activities on the Property. Purchaser shall not keep, dispose of, generate or cause any hazardous waste or substance to be released or deposited on the Property. Purchaser shall not grade or cause any large excavations or filling in of the Property, unless prior written permission is given by the City, and Purchaser shall restore to its previous condition any portion of the Property that has been disturbed by such activities upon written request by the City to do so, which written request shall set forth the hazards to be remedied.

F. Prior to any entry on the Property, Purchaser and its consultants entering on the Property shall furnish to the City evidence of a current policy of general commercial liability insurance in effect for itself, naming the City as an additional insured, that shall insure against personal injury or damage to property with minimum limits of \$500,000 each occurrence and \$1,000,000 annual aggregate. At no time shall Purchaser or its consultants enter upon any portion of the Property owned by the City unless such insurance is in effect.

Exhibit VII
Conditions to the Right of Entry

G. No vehicles shall be driven over or across the water pipeline located in the above described alley on the Parcels. Purchaser, if uncertain of the location of the pipeline, may obtain the assistance of the designated representative of the Seattle Public Utilities Department of the City (SPU) identified below, to determine the location, and will provide information on the pipeline location to it's agents entering the property. The designated representative of SPU shall be: David Defferding 684-5860. Purchaser shall avoid damaging the water pipeline adjacent to the property and shall not remove the fence surrounding the pipeline designed to protect the water pipe against damage from vehicles. Purchaser shall not conduct activities that may cause the disruption of the soil under or near the pipeline, the removal of the ground support for the water pipe, increase the load on top of the pipe, or otherwise cause damage to the pipe or impair its operation. If any digging or removal of soil occurs near the pipeline, Purchaser shall notify the designated representative of SPU identified above. If any damage, leaking or other disturbance of the pipe occurs, Purchaser shall immediately notify SPU's representative, and call 286-1800 to report water-related emergencies.

Exhibit VIII
Statutory Warranty Deed with Easement

After Recording Return to: HomeSight

Dorothy Lengyel
3405 S Alaska St
Seattle, WA 98118

Document Title: Statutory Warranty Deed

Reference Number of Document Assigned or Released:

Grantor(s) Name: City of Seattle

Grantee(s) Name: HomeSight

Legal Description:

Abbreviated form: Lots 1-11, Block 2, Dearborn Street Addition to the City of Seattle, Vol. 15, pg. 19, subject to an easement over portion of Lots 1-7.

Additional legal description is included below, and on Exhibit A of document.

Assessor's Property Tax Parcel or Account Number: 193730-0070-05, 0075-00, 0080-03, 0085-08, 0090-01, 0095-06, 0100-09, 0105-04, 0110-07, 0115-02, 0120-05

STATUTORY WARRANTY DEED WITH CONDITION SUBSEQUENT

Grant

THE CITY OF SEATTLE, a municipal corporation of the State of Washington, (the "Grantor"), for and in consideration of ten dollars (\$10.00) in hand paid, and other good and valuable consideration and the covenants of the Grantee contained in that certain Purchase and Sale Agreement between Grantor and Grantee, dated [] ("Contract"), bargains, sells and conveys to HomeSight, a Washington not for profit corporation (the "Grantee") the following described real estate located in the City of Seattle, County of King, State of Washington, generally located on the west side of Davis Place S between S Dearborn St and S Charles Place and legally described as follows:

Lot 1 through 11, inclusive, All in Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, in King County, Washington.

Subject to an easement over that certain strip of land fourteen (14) feet in width

HomeSight
Purchase and Sale Agreement
7-Jul-99

Page 56

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Exhibit VIII
Statutory Warranty Deed with Easement

described as follows:

That portion of Lots 1 through 7, inclusive, Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, Records of King County, Washington, lying westerly of a line parallel with and 30 feet easterly of the Most Easterly lines of Lots 10, 7 and 8, and of said Most Easterly lines produced, all in Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington;

together with that portion, if any, of Government Lot 13 in Section 4, Township 24 North, Range 4 East, W.M., lying southerly of the South margin of South Dearborn Street, northerly of the North margin of South Charles Street, westerly of the West line of said Block 2, Dearborn Street Addition to the City of Seattle, and easterly of the East margin of the alley lying east of said Block 2, Rainier Boulevard Addition to the City of Seattle, as said alley was platted in said plat of Rainier Boulevard Addition to the City of Seattle;

situate in the City of Seattle, County of King, State of Washington.

Covenants

This conveyance is subject to the following covenants and restrictions which shall be binding on the Grantee and Grantee agrees to on behalf of Grantee's heirs, successors and assigns:

1. **Covenants in Exhibit A.** The conveyance is subject to the covenants in the attached Exhibit A.
2. **Condition Subsequent.** This Deed and all rights of Grantee hereunder are subject to a condition subsequent upon the occurrence of which Grantor or its governmental successors or assigns shall have the absolute right, subject only to the express limitations set forth herein, to terminate, by notice to Grantee or by reentering and taking possession of the Property (or one or more Parcels thereof, if the legal description designates separate Parcels or if the Contract provides for the division of the Property into Parcels), the estate conveyed under this deed and all rights of all persons claiming by or through Grantee, whereupon fee simple title to the Property (or to one or more Parcels thereof, if the condition subsequent shall have terminated as to the other Parcel or Parcels) shall revert entirely in Grantor or its governmental successors or assigns. The condition subsequent shall have occurred if any of the following shall occur prior to the time that Grantee shall have completed construction of the Improvements to the Property (to consist of a 15 unit development comprising townhouses and single family homes, in accordance with certain Construction Plans submitted by Grantee) required pursuant to the Contract and shall have obtained from Grantor a Certificate of Completion with respect thereto:

(a) Grantee or its successor in interest shall default on, fail to perform or violate Grantee's obligations with respect to the construction of the Improvements pursuant to the Contract (including without limitation obligations with respect to the nature of the Improvements and the

Exhibit VIII
Statutory Warranty Deed with Easement

dates for the beginning and the completion thereof), or shall abandon or substantially suspend construction work, and any such default, failure to perform, violation, abandonment or suspension shall not be cured, ended or remedied to the reasonable satisfaction of Grantor within thirty (30) days after Grantor's written demand to do so; or

(b) Grantee or its successor in interest shall, without the express written consent of Grantor, transfer any interest in the Property or cause or permit there to be placed on the Property any encumbrance or lien not authorized by the Contract, unless such encumbrance or lien is paid, removed or discharged or provision is made satisfactory to the Grantor for such payment, removal or discharge, within thirty (30) days after written demand from Grantor to do so; provided that in the case of a mechanic's or materialmen's lien or notice thereof Grantee shall have the right to prevent the occurrence of a condition subsequent pursuant to this subsection (b) by bonding or depositing security under conditions reasonably adequate to protect Grantor from such liens in the event title should revert in Grantor under the terms hereof.

Notwithstanding the foregoing, the condition subsequent and any reversioning of title as a result thereof in the Grantor (1) shall always be subject to and limited by, and shall not defeat, render invalid or limit in any way (a) the lien of any mortgage or deed of trust permitted by the Contract, and (b) any rights or interest provided in the Contract for the protection of the holders of such mortgages or deeds of trust; and (2) shall not apply to individual Parcels of the Property for which a Certificate of Completion has been issued as provided below; and (3) shall be extinguished and shall not apply to the Property if a mortgagee under a mortgage or beneficiary under a deed of trust shall foreclose on the Property and the Property shall be sold in a judicial or nonjudicial foreclosure sale (provided that the mortgage or deed of trust was authorized by the City pursuant to the Agreement).

3. **Certificate of Completion.** Upon the recording of a Certificate of Completion duly signed by the Director of the Office of Housing of the Grantor, stating that the Improvements to the Property, or a Parcel thereof, have been completed in accordance with the Contract, the condition subsequent in this deed shall be of no further force or effect with respect to the Property, or Parcel thereof specified in the Certificate, as the case may be.
4. **Miscellaneous.** Capitalized terms not defined herein shall have the meanings set forth in the Contract. Time is of the essence of all of the provisions hereof.

Executed this _____ day of _____, 1999, pursuant to Ordinance No. _____.

GRANTOR:
THE CITY OF SEATTLE

By _____
Cynthia Parker, Director,
Office of Housing

Exhibit VIII
Statutory Warranty Deed with Easement

Approved as to form only:

Mark H. Sidran, City Attorney

By _____
Betty Ngan, Assistant

GRANTEE:
HomeSight

By _____
Print Name: Dorothy Lengyel

Approved as to Form by Purchaser:

By _____

Dorothy Lengyel
Executive Director

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, before me, the unsigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared to me Cynthia Parker, to me known to be the Director of the Office of Housing of the City of Seattle, the municipal corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year in this instrument above written.

Date _____

NOTARY PUBLIC in and for the
State of Washington, residing at

My Commission Expires: _____

Exhibit VIII
Statutory Warranty Deed with Easement

Exhibit A to Statutory Warranty Deed
RESERVED EASEMENT

The City, its successors and assigns, hereby reserves an exclusive easement to that certain strip of land fourteen (14) feet in width described as follows:

That portion of Lots 1 through 7, inclusive, Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, Records of King County, Washington, lying westerly of a line parallel with and 30 feet easterly of the Most Easterly lines of Lots 10, 7 and 8, and of said Most Easterly lines produced, all in Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington;

together with that portion, if any, of Government Lot 13 in Section 4, Township 24 North, Range 4 East, W.M., lying southerly of the South margin of South Dearborn Street, northerly of the North margin of South Charles Street, westerly of the West line of said Block 2, Dearborn Street Addition to the City of Seattle, and easterly of the East margin of the alley lying east of said Block 2, Rainier Boulevard Addition to the City of Seattle, as said alley was platted in said plat of Rainier Boulevard Addition to the City of Seattle;

situate in the City of Seattle, County of King, State of Washington.

The owners of the property burdened by this Easement shall be referred to herein as "Servient Owner". The City shall be referred to as the "Dominant Owner," the "City" or "City acting through its Seattle Public Utilities (SPU) department."

This Easement is reserved for the purpose of ingress and egress, patrolling, construction, reconstruction, alteration, operation, maintenance and repair of the City's water utility system located in the alley described below which abuts the above described easement area.

Agreement

This Easement is reserved subject to the following terms and conditions which the Dominant and Servient Owners agree to faithfully observe and perform:

1. **Prevention of Obstruction.** The Servient Owner, its successors and assigns, hereby agree that no buildings, structures, poles, light standards, underground utilities serving the Servient Owner, underground storage tanks, or trees, shall be placed within the easement area. Other improvements or landscaping within the easement area (such as fencing, grass, small shrubs or paving) may be permitted upon review and written approval by the City.

Exhibit VIII
Statutory Warranty Deed with Easement

2. Obligation to Restore. The Dominant Owner shall restore the easement area to a condition as good or better than the condition of the property prior to any disturbance by the Dominant Owner (including the removal of any temporary vehicular access road) when its work is completed. The Dominant Owner's obligation to restore shall apply solely to improvements and landscaping that have been approved by the City in writing. When necessary the Dominant Owner shall install improvements or plantings to protect the surface of the easement area from erosion.
3. Approval of Grading Changes. The Servient Owner agrees to allow the City through its Seattle Public Utilities (SPU) to review and approve any plans to excavate or to change the grade within the easement area. Any grading shall maintain a driveable slope consistent with said abutting alley, without causing erosion or additional surface water drainage to the alley or other property.
4. Timely Review of Plans. SPU will make a good faith effort to review any plans and specifications, as required in Paragraphs 2 and 3 of this Easement, and return to Servient Owner with comments or revisions without undue delay.
5. Maintenance. Said easement area and approved improvements shall be maintained by Servient Owner their successor and assigns.
6. Protection of Pipeline. As part of its water utility system, the City owns and maintains a water transmission pipeline in the 16-foot wide alley lying between Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County Washington and Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, Page 19, Records of King County, Washington. Said alley lying entirely within said Rainier Boulevard Addition to the City of Seattle.

The owners of the property abutting this Alley shall be referred to herein as "Servient Owners".

For the protection of said pipeline the following shall apply:

- a) Approval of Construction Plans. Servient Owners will allow the Seattle Public Utilities (SPU) to review and approve in writing, for protection of the pipeline, any construction plans and activities within 100 feet of the pipeline. This shall include but not be limited to grading, pile driving, auguring, excavation and/or the use of explosives. SPU's approval shall not be unreasonably withheld.
- b) Timely Review of Plans. SPU will make a good faith effort to expedite review and to return its comments/requests for revisions, disapproval, or approval on the plans and specifications. The Servient Owners shall provide additional information and revisions requested by SPU to complete its review.

Exhibit VIII
Statutory Warranty Deed with Easement

- c) Construction Activity. Servient Owner's construction activities shall be conducted in a manner to avoid excessive vibrations of said pipes, destabilization of the ground support for the pipes or otherwise threaten the integrity or operation of the pipeline.
7. Restriction of Vehicular Traffic. Unless otherwise installed or provided by the Servient Owners at Servient Owner's option, the City shall install locking gates, fences, bollards, or other effective barriers at both ends of the easement area to prevent unauthorized vehicle access, except for utility, emergency, police, fire, and other authorized maintenance vehicles. Both the Servient Owner and the City shall be provided with keys to operate all locking barriers.
8. Survival. The rights and obligations of the Servient Owner shall run with the property and shall inure to the benefit of and be binding upon their respective successors and assignees.
9. Indemnification. Each party (the Dominant and Servient Owner) shall, respectively as indemnitor, indemnify and hold harmless the other as indemnitee, its officers, elected officials, agents, employees, from and against any and all claims, actions, suits, proceedings, costs, expenses (including reasonable attorney's fees), or damages arising out of or relating to any act or omission of the other party, its agents, contractors or employees, in connection with the rights exercised under this Agreement, and only to the extent caused by the sole or concurrent negligence of the indemnitor. Such indemnification shall not be effective to the extent that the damage or injury results from the sole negligence or willful misconduct of the other party. In the event that both parties are held to be jointly liable in any final judgment in any suits arising out of their acts or omissions, each party's duty to indemnify the other for liability arising therefrom shall be divided proportionately between the parties according to the relative degrees of their liability. Each party further waives, with respect to the other party only, its immunity under RCW Title 51, Industrial Insurance.
10. Notices. Any notice, request, approval, designation, direction, statement or communication shall be in writing and delivered to the following:
- Seattle Public Utilities,
Real Estate Services
710 2nd Ave., Floor 9A
Seattle, WA 98104
11. Termination. This easement shall terminate when the Dominant Owner gives written notice of its intent to terminate, removes all utility pipelines and appurtenances from the abutting alley and the easement area, and ceases to use the easement area for utility purposes.

Exhibit IX
Quit Claim Deed

After recording, return to:
City of Seattle
Seattle Public Utilities
Real Estate Services
710 Second Avenue, 10th floor
Seattle, WA 98104

QUIT CLAIM DEED

Reference number of related documents:

Grantor: HomeSight

Grantee: City of Seattle

Abbreviated Form of Legal Description:

Additional legal description is on page 1 of document.

Assessor's Property Tax Parcel Account Number(s):

The HomeSight ("Grantor"), hereby conveys and quit claims to the City of Seattle, a Washington municipal corporation ("Grantee"), for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration all right, title and interest (including underlying fee simple interest), together with all after acquired title of the grantor herein, in the following real estate located in the City of Seattle, King County, Washington, known as that certain strip of land fourteen (14) feet in width described as follows:

That portion of Lots 1 through 7, inclusive, Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, Records of King County, Washington, lying westerly of a line parallel with and 30 feet easterly of the Most Easterly lines of Lots 10, 7 and 8, and of said Most Easterly lines produced, all in Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington;

IT IS DUE TO THE QUALITY OF THE DOCUMENT.

situate in the City of Seattle, County of King, State of Washington.

p:\eliza\property\hiewatha\parcel 4b\legislation\homesights\psa 7-12-99.doc

Exhibit X
Construction Agreement
Between SPU and Purchaser

Dearborn Hiawatha Development Project
Construction Agreement

HomeSight and the Seattle Public Utilities (City) hereby enter into this agreement governing the construction of the Davis Place project.

1. Approval of Construction Plans. HomeSight will allow the City to review and approve in writing any construction plans and activities within 100 feet of the Cedar River Pipeline No. 3 ("Transmission Pipeline") which is located in the platted alley abutting the property which is the subject of the Purchase and Sale Agreement between the City and HomeSight dated []. SPU's review shall include but not be limited to activities such as grading, pile driving, auguring, excavation and/or the use of explosives.
 - A. HomeSight will provide 3 sets of scalable plans of proposed improvements.
 - B. HomeSight will provide 3 sets of scalable "Plan view" Landscape Plans, that identify plant species and clearly show the location of the Transmission Pipeline, and the margins of the Blocks, Lots, Reserved 2 foot Easement, and the Alley.
 - C. HomeSight will provide As-builts within 120 days of construction completion.
2. Fill and Grading Over Pipeline. HomeSight shall prepare a detailed grading plan that provides for new contours on HomeSight's property which abuts the alley. The plan shall be submitted to the City for review and approval. After approval, the City shall design a compatible grading plan for the Alley and increase the ground cover to two feet over the pipeline where needed. The City shall complete the grading and filling work in the alley in a timely manner, provided that City receives from the abutting owner on the other side of the Transmission Pipeline ("Cohousing") its project and construction schedule in a timely manner to coordinate the scheduling of grade improvements to the alley.
3. Conditions of Use. The City shall allow HomeSight to use the Alley after obtaining a Street Use Permit from the Seattle Department of Transportation, under the following terms and conditions:
 - A. Maximum Weight Prohibition. Any vehicle, equipment or machinery exceeding a weight of 8000 pounds will be prohibited from using the Alley unless such additional protection occurs by using steel plates, wood matting, concrete bridging or other protective methods, reviewed and approved by the City prior to use of the Alley.
 - B. HomeSight's Obligation to Restore. If HomeSight disturbs the surface or subsurface of the alley, HomeSight shall restore the property to a condition as good or better than the condition the property was in prior to such disturbance with the exception of any approved fill.

Exhibit X
Construction Agreement
Between SPU and Purchaser

4. Timely Review of Plans. Seattle Public Utilities (SPU) will make a good faith effort to expedite review and to return its comments/requests for revisions, disapproval, or approval on the plans and specifications. HomeSight shall provide additional information and revisions requested by SPU to complete its review.
5. Construction Activity. HomeSight's construction activities shall be conducted in a manner to avoid excessive vibrations of said pipes, destabilization of the ground support for the pipes or otherwise threaten the integrity or operation of the pipelines.
- A. No construction activity is permitted which would result in ground movement at the pipeline of 0.5 inches/sec. Examples of construction activity which cause ground movement of this magnitude are pile driving or operating a large track-hoe with a pavement breaker very near or over the pipe.
6. Notices.
- A. Any notice, request, approval, designation, direction, statement or communication shall be in writing and delivered to the following:

The City of Seattle
Seattle Public Utilities,
Real Estate Services
710 2nd Ave., Floor 9A
Seattle, WA 98104

HomeSight
Dorothy Lengyel
3405 S. Alaska St.
Seattle, WA 98118

B. The Seattle Public Utilities' 24 hour emergency contact number is (206) 386-1800.

C. For Street Use Permit to work in the Alley, contact Larry Knutson at 206-233-0023.

City of Seattle

HomeSight

by: _____

by: _____

SEATTLE PUBLIC UTILITIES

Dorothy Lengyel,
Executive Director

Exhibit XI
Certificate of Completion

KNOW ALL PERSONS BY THESE PRESENTS: That HomeSight hereinafter called the "Developer" entered into a Purchase and Sale Agreement with the City of Seattle, a municipal corporation, for the purchase of property acquired by the City, on the ____ day of _____, with Part I and Part II recorded in the office of the King County Auditor, State of Washington, under Auditor's File No. _____, which Agreement contains among other things a condition subsequent providing for forfeiture and reversion of title in event of violation of its provisions. Said Purchase and Sale Agreement referred to Conceptual Design, and MUP Design for Improvements, and I hereby certify the provisions, agreement and covenants of the Purchase and Sale Agreement with respect to the obligations of the Developer to construct the Improvements as presented in the MUP Design and Building Permit as evidenced by a Certificate of Occupancy are satisfied and terminated and that said condition subsequent has been fully satisfied and is of no further force and effect by reason thereof.

Dated this ____ day of _____

THE CITY OF SEATTLE
OFFICE OF HOUSING

By Cynthia Parker, Director
Authorized by Ordinance No. _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand an official seal the day and year in this certificate first above written.

Dated: _____

Print name _____

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



City of Seattle

Paul Schell, Mayor

Executive Department - Office of Housing

Cynthia A. Parker, Director

July 7, 1999

The Honorable Sue Donaldson, President
Seattle City Council
1100 Municipal Building
600 Fourth Avenue
Seattle, Washington 98104

Dear Councilmember Donaldson:

Re: Authorization to Sell One Dearborn-Hiawatha Parcel

We are forwarding to you this ordinance asking for the authority to sell one of the two remaining Dearborn-Hiawatha properties to HomeSight. The sale and development of Parcel 4b will contribute to the revitalization of the Central Area, and will bring \$113,500 sales revenue to the City. At this sales price, HomeSight will sell six homes to households earning 80% of median income or less, and six homes to households earning between 81% and 115% of median income. HomeSight proposes to construct three single-family homes, and twelve townhomes, on the west side of Davis Place South, between S Dearborn St and S Charles St.

PROCESS: This property sale was handled according to the goals and process specified in the Hiawatha Place Request for Developer Qualifications and Preliminary Proposals (RDQ/P) as approved by City Council in February, 1998. In partnership with the Jackson Place Community Council, Department of Neighborhoods issued the first public offering of Dearborn-Hiawatha property through a RDQ/P in March, 1998. The offering was advertised in local papers, and notice of the Hiawatha Place Request for Developer Qualifications (RDQ) was sent to a mailing list of prospective developers.

We received 3 submittals in response to the request for qualifications:

- Housing Resources Group/GGLO/Rafn Construction
- Icon/Pentron with HomeSight and Seattle CoHousing/Michael Pyatok
- Wagner Management/Weinstein-Copeland Architects/W.G. Clark

The Hiawatha Place Developer Selection Advisory Committee met in May through July, 1998, to review the developer qualifications and submissions. Upon considering the statements of qualifications, the neighborhood review team and the selection committee felt that all three developers met the minimum qualifications to successfully develop the property. The three teams were invited to prepare preliminary proposals for Hiawatha Place.

The Honorable Sue Deason

July 7, 1999

Page 2 of 3

The prospective developers spent the month of June preparing their proposal and meeting with the community. On July 6th DON received development proposals from (1) Wagner Management and (2) Icon/Pentron/ HomeSight/Pyatok/Seattle Cohousing. After much consideration, Housing Resources Group decided to withdraw from the competition, explaining that the costs associated with the site work for the parcels east of Hiawatha Pl. would push the home prices above an affordable range.

CONCLUSIONS: The neighborhood review team and the developer selection committee reviewed and scored the proposals using the criteria published in the RFQ. Both proposals were very responsive to the community preferences. After much discussion about qualifications, project feasibility and the community and City goals met by each of the proposals, both groups recommended that the Icon/Pentron/HomeSight/Seattle Cohousing team be selected to purchase and develop the property. We concur with, and forward the recommendations of the Advisory Committee. Reasons for the selection include:

- **Community Support:** Jackson Place Community Council supported this proposal, as the overall development plan for Hiawatha Place meets their preferences for a mixed-use development, with innovative housing and homeownership options, and fine quality design.
- **Experienced Team:** HomeSight is recognized as a well-qualified developer, and has established a strong track record for producing affordable homeownership opportunities in the City.
- **Affordable Homeownership:** Six townhouses will be sold to households earning 80% of median income or less, with sales prices estimated to be \$116,000 for a two bedroom unit, \$130,000 for a three bedroom. HomeSight will provide \$90,000 in second mortgages that will revolve as a part of HomeSight's down payment loan fund. Six of the units will be sold to households earning between 81% and 115% of median income, with sales prices estimated at \$165,000 for a two bedroom unit, and \$190,000 for a three bedroom unit. The single-family homes (four bedrooms) will be market rate, and are estimated to sell for \$240,000.
- **Infrastructure investment:** HomeSight estimates that they will be spending approximately \$100,000 on off-site infrastructure work, including sidewalks, curbs, and gutters along Davis Place South and S Charles St.

Other parts of the redevelopment plan proposed by the Icon/Pentron/HomeSight/Seattle Cohousing team include: (1) approximately 70 units of live-work space affordable to low-income artists in a mutual housing model, 61 units of artist live-work space for sale at market rates and for first-time homebuyers with down payment assistance, ground floor commercial space along the west side of Hiawatha Place, and 2 floors of below ground parking on the west side of Hiawatha Place; and (2) a 24 unit cohousing condominium development on the east side of Hiawatha Place and S Charles St. We plan to present the purchase and sale agreement for Arts & Lofts (Parcel 2) to you for approval in August.

The Honorable Sue D. ...son

July 7, 1999

Page 3 of 3

CEDAR RIVER PIPELINE: As a part of this property sale, we have been working with Seattle Public Utilities, which owns and maintains the Cedar River Pipeline #3 that runs through the 16 foot wide alley directly west Parcel 4(b). In order to protect the pipeline, we are selling the property to HomeSight with a reserved fourteen-foot wide easement to provide a buffer between the development and the pipeline. HomeSight feels strongly that SPU should own the property outright, since SPU must reserve the right to install a second pipeline in that 14' corridor. Therefore, HomeSight will create an undevelopable parcel (through the DCLU lot line adjustment and/or short plat process) that is the same area as the easement, and will quit claim the property to the City after we record the deeds for Parcel 4b. SPU will pay the fair market value (established by an appraisal) for (a) the two foot-wide easement to the west of the alley, and (b) the fourteen foot-wide parcel to the east of the alley, and will deposit \$68,000 into the City's Program Income Revenue Account in Fund 17810.

LAND SALE PRICE: The property was appraised in December 1998, taking into consideration the off-site infrastructure investment required of the developer, the net developable land area, and other site constraints to the property. The fair market value for Parcel 4b (less the 14-foot wide parcel to be purchased by SPU) was established at \$203,500 for 45,000 sf of property. In order to enable HomeSight to make some of these units affordable to low-income households, we propose a discount to the sales price equal to \$90,000. In exchange for this discount, HomeSight will provide \$90,000 in down payment assistance in the form of second mortgages (Hope Loans) on the homes sold to low-income households. We estimate an average \$15,000 Hope Loan (from equity in the land) and an additional \$5,000 from HomeSight's down payment assistance loan fund. This \$20,000 Hope Loan would enable a 3-person household at 71% of median income to afford a three-bedroom townhouse. The Hope Loans revolve through HomeSight's down payment assistance loan fund, and as the mortgage is repaid with interest, it will be made available to future low-income homebuyers.

COMMUNITY MEETING: We held a community meeting to review the design proposals for the entire redevelopment proposal (HomeSight, Icon Architecture, and HomeSight) on November 2, 1998, where neighbors commented on how excited they are about the potential this redevelopment proposal offers their neighborhood. A preliminary Design Review Meeting was held on Tuesday June 29, and the neighborhood commented positively on the site plan. We urge the City Council to accept this recommendation and to adopt the ordinance authorizing the Purchase and Sale Agreement for sale of Parcel 4b to HomeSight. If you would like more information, please call Elizabeth Butler, at 684-0210. Thank you.

Sincerely,



Cynthia Parker
Office of Housing Director

Attachments: (1) Summary of Public Meeting, November 2, 1998; (2) Ordinance;
(3) Purchase and Sale Agreement with Exhibits

**Hiawatha Place Redevelopment
Public Meeting Summary
November 2, 1998
Seattle Vocational Institute**

The meeting was advertised through

- *The October Jackson Place Community Council's newsletter,*
- *The November Community Calendar (published by Department of Neighborhoods),*
- *Announcements at the October Jackson Place Community Council meeting, the October Judkins Park Community Council meeting, and the October Central District Council*
- *Fliers sent (providing two weeks notice of the meeting) to members of the no longer active Central Area Arts Council members,*
- *Notices posted at Pratt Arts Center and the Central Area Neighborhood Service Center Meeting.*
- *A mailing to 300 artists on Pioneer Square Community Development's artist live/work database.*
- *Developers also helped get the information out to the cohousing members and the arts community.*

Forty-two people signed in at Monday evening's meeting. A good majority of the attendees were artists interested in learning more about the live-work opportunities provided by the Arts & Lofts project. The presentations, questions, answers, discussions and comments from the meeting are described as follows:

Jackson Place Background:

During 1993-1994 the City was studying the feasibility of the site for a Job Corps facility in the property. The Jackson Place Community Council surveyed the neighborhood and asked its residents to rank the Job Corps among other potential uses. The Community Council used the information obtained from residents to develop a vision and principles for the redevelopment of the property. After the city abandoned the Job Corps proposal, the Community Council lobbied the City with the cooperation of the Department of Neighborhoods to consolidate ownership of the property using the vision for the land its citizens had developed.

In July of 1995, the Seattle City Council passed an ordinance consolidating ownership of the property, with the Department of Neighborhoods charged with putting together a development plan. This ordinance had a provision acknowledging the vision of the Jackson Place Community Council and mandated that the Community Council have a role in the subsequent development process.

In February of 1996 the City issued a Request for Proposals for pre-development analysis of the property. The Community Council was involved in the selection of the consultants for this work.

In addition to community meetings dedicated to discussing the development of Hiawatha Place, the Community Council and the City have kept neighbors and other interested parties informed about the progress of the project through many newsletter articles, updates at community council meetings, and wider community meetings.

In March, 1998, Department of Neighborhoods issued a Request for Developer Qualifications and Preliminary Proposals for Hiawatha Place. Jackson Place Community Council was represented, along with other community representatives, on the Developer Selection Committee. Three developers submitted qualifications for Hiawatha Place, and two submitted proposals. The winning proposal from Icon Architecture, Ltd in partnership with HomeSight and Seattle Cohousing, received support from the community and is being presented this evening.



Hiawatha Place Project Summary

Icon/HomeSight and Seattle Cohousing have been awarded the opportunity to develop Hiawatha Place for the Jackson Place Community in the Central Area of Seattle through a competitive City process. This development proposal is conditioned upon City Council approval of a Purchase and Sale Agreement. Development is slated to be complete by 2004. Full redevelopment of four parcels will cost an estimated \$30 million dollars. Site designs include approximately 130 ownership live/work artists lofts, 24 residential condominium units and a common house, 13 ownership townhomes and 3 single family homes. The site is to be enhanced with a distinct gateway, open greenspace, street level commercial space and parking (including light manufacturing space and rental storage).

Parcel 3 & 4(a) (East on Hiawatha Place S, between S Dearborn & S Charles)

Seattle Cohousing

Pyatok Associates and Swift & Company Landscape Architects

A 24-unit condominium cohousing project with a mixture of 1, 2, 3, and 4 bedroom units designed as townhomes (19) and flats (5) grouped around a common space. Amenities include garage parking, a common house for cooking, dining and community events. The outdoor common space includes terraced gardens to the east of the community house, and wooded area in NE corner of the property, for play and gardening. Development costs include pedestrian lighting and street benches on Hiawatha Place. Sales prices are estimated to be approximately \$92,000 to \$229,000. Unit sizes will range from approximately 650 sf for studios to 1,620 sf for four-bedroom units. Total Development Cost is projected to be \$4.5 million.

Questions about Seattle Cohousing:

1. Do the units have kitchens? *Yes, each unit is like a regular condominium, with a full kitchen. The Cohousing development will also have a common house that will likely have a commercial kitchen and dining room (for shared meals), and other community spaces for the residents.*
2. How big are the units? *The units will be slightly smaller than what you would find when looking at a typical single-family home on the real estate market. A 3-bedroom unit will be approximately 1,400 sf, and a 4-bedroom unit will be approximately 1,600 sf.*
3. How many units have sold? *We have 21 households that have contributed cash to the project. We are not, technically, selling units because we are still very early in the predevelopment process. We are selling the opportunity for people to participate in the cohousing project, as fully at risk as a developer.*
4. What is the set back from the street? *The development is set back approximately 12 feet from the street, however, no set back is required in this zone.*

Parcel 2 (West on Hiawatha Pl. S between S Dearborn and S Charles)

Arts and Lofts, Icon Architecture, Ltd and HomeSight

We have designed the building to include approximately 130 artist live-work lofts atop 22 commercial/retail spaces with approximately 7,877 sf of rentable storage space, and approximately 6,877 sf of light manufacturing work space all supported by approximately 172 underground parking spaces. The preliminary development budget includes landscaped roof garden, human scale street lighting, park benches and pedestrian enhancements such as bulb

**Hiawatha Place Redevelopment
Public Meeting Summary
November 2, 1998
Seattle Vocational Institute**

and pattern crossings. We provide access to landscaped open space and gardening space across the street.

We hope to have the Mutual Housing Units include a long-term lease-to-own agreement, which will be affordable to households at 60% of median income (in 1998 dollars, approx. \$24,000 annual income for a single-person household or approx. \$28,000 for a two-person household). The condominiums will be affordable to a wide range of income levels with unrestricted market rate units and units affordable to households below 80% of median income (In 1998 dollars, approx. \$31,000 for single-person household and approx. \$36,000 for 2-person household). The loft spaces will be approximately 950 sf to 1,100 sf. The total development cost is estimated to be \$24,019,270.

HomeSight is a private, nonprofit community development corporation. Its mission is to revitalize neighborhoods by providing means for low- and moderate-income households to purchase their first homes. Its method is three-pronged: 1) HomeSight partners with builders to build homes that are affordable to purchase and to maintain; 2) households who are income eligible and has met HomeSight's underwriting criteria are eligible for up to \$20,000 downpayment assistance; and 3) HomeSight has an extensive home buyer education program.

Questions about Arts & Lofts:

1. If someone is financing a market rate or affordable unit, is that through a conventional bank? *Yes, every homeowner qualifies for a first mortgage that is FHA insured. Then HomeSight provides a second mortgage of up to \$20,000. Sometimes we have other sources of funding that allow us to provide a third mortgage, to make the units even more affordable, but right now we do not have supplemental funding.*
2. I have developed artist live-work space, and was told by local banks that lofts are not finance-able through conventional means. *Thank you for that information. We see that this project is trying to do many things that are firsts in Seattle. HomeSight has worked with local lenders for many years, and we have been cultivating relationships. We have also been sharing this preliminary proposal with our lenders, and they have shown interest in helping us make it work. However, we have a lot of details to work out, and I would be interested in talking with you further about their specific issues, so that we can try to address potential concerns early on in the project.*
3. Will the building be organized as a condominium? *Yes, the units that will be for sale to first-time homebuyers and the market rate units will be condominiumized. The units that are to be affordable to artists earning less than 60% of median income will be initially organized as a mutual housing model, where the tenants will be directly involved in managing the property. We will be assembling a number of different sources of financing to make the mutual housing units so affordable. One of the sources is tax credit financing, where a corporation will purchase tax credits to use over a period of nine years. In order for the tax credits to be allocated to the project, the units have affordability requirements that extend 15 years out from the date of occupancy. We intend to format the mutual housing as a long-term lease, where at the end of a 15-year period, a tenant will have earned equity in their unit, and may be able to transition from renter to owner of their live-work space.*
4. Will the buildings be separated with the mutual housing in a different area than the market rate? *We originally proposed separate buildings, although from the street it would be like one building spanning from Dearborn to Charles. We would prefer to create a mixed-*

**Hiawatha Place Redevelopment
Public Meeting Summary
November 2, 1998
Seattle Vocational Institute**

income structure, so that each phase of the development would contain a mix of mutual housing units, first-time homebuyer units and market rate units.

- 5. Who will be the landlord? We have not yet worked this out completely. The tax credit equity investors will be our partners in the project, and are not yet identified. They will have opinions about property management. At this point we plan on creating a Limited Liability Corporation which will include Icon/Pentron president Kurt Feichtmeir, to own and manage the commercial space on Hiawatha Place. We have not yet determined the ownership structure for the mutual housing component.*
- 6. How many artist live-work spaces will be available? We estimate that there will be approximately 120 to 130 units.*
- 7. How will tenants access parking? The garage will occupy the bottom two floors of the building and the automobile entrance will be through the alley that runs along the west side of the development (halfway between Rainier Ave S and Hiawatha Place, and connecting Dearborn to Charles St.)*
- 8. Who pays for the street improvements? In this case, the City is requiring the developer to include the street improvements in the overall development budget. We have to finance and construct the improvements, which include paving our portion of Hiawatha Pl. and the alley, and sidewalks curbs and gutters where they do not currently exist around the perimeter of the property. We would love to have the City's assistance in this.*
- 9. Please describe the concept of the unit. We recognize that artist live/work space tends to have 12 to 16 foot ceilings, which allows a sleeping loft. We created a building that provides a work space with 12 foot ceilings, and a mezzanine level live space that has 8 foot ceilings. Without a full wall to separate the spaces, we do not provide a legal bedroom, but there is a visual separation which provides privacy. Each unit also has large windows, which will shed light on the living and work space. The units will provide between 800 sf and 1000 sf, and will be approximately 20 ft wide, and 40 feet deep. If artists are interested in purchasing more than one space, we can combine two adjacent units to double the live-work area.*
- 10. I think artists would prefer to know the base sf of the work space, so it would be helpful if the mezzanine area was separated out of the 800 to 1000 sf size quoted earlier. Yes, we haven't separated out the square footage yet, and will make sure that all buyers fully understand what they are investing in.*
- 11. What is the construction phasing? In our proposal, we scheduled the construction to start the first phase during the summer of 2000. We anticipate each construction phase would last one year from start to occupancy. We will have some overlap between the phases, and expect the development of the Arts & Lofts building to be complete by the year 2003.*
- 12. What about workshop space? The workshop space is ambiguous at this point. We hope to provide some workshop space in the concrete structure housing the parking. Those activities that are more hazardous, for example, metal or wood working, would not be appropriate in the loft space, so we are intending to provide other rentable spaces as options.*
- 13. How far back from the window does the 12 foot ceiling extend? Approximately 25 feet. We are challenged to create a space that is affordable to artists, and are constrained by the high costs associated with new construction. Certainly, if an artist could afford more space, we would provide it.*
- 14. What will the flooring be like? The floor system is "heavy timber" construction consisting of exposed 6x12 sawn lumber beams at four feet on center with 3" tongue and groove decking covered with ½" oriented strand board panels. In order to achieve the code required sound*

**Hiawatha Place Redevelopment
Public Meeting Summary
November 2, 1998
Seattle Vocational Institute**

- rating, an acoustical matt will be added under the final floor surface which will be a wood panel product such as medium density fiberboard. We will probably need to have this assembly tested to meet the sound code since we have not yet found a tested assembly.*
- 15. What amenities will be provided with each unit? Each unit will have a standard kitchen, and bath, and washer/dryer hook-ups.*
 - 16. Will there be options open for artists that want to develop their own space? For the condominium units, probably so. We would like to be able to offer raw space. We probably won't be able to do this for the mutual housing units, because we will need to secure occupancy permits prior to rent-up.*
 - 17. What is the policy for someone who wants to travel and sublet? Policies are yet to be formalized, however, HomeSight requires owner occupancy of units that are made available to first-time homebuyers. The mutual housing leases will likely have restrictions on subletting. The market rate units will have no such controls, unless the condominium rules limit subletting.*
 - 18. How much workshop space will be available? We have approximately 30,000 sf of single level (8') space to apportion to rental storage or workshop. We may decide to make some workshop space double height (16') which would reduce the total area available.*
 - 19. Does the live-work space come with parking? One parking space will be included for each condominium unit.*
 - 20. I think you need to think about how to provide more storage space for the rental units. Yes, these units do not provide for much storage, however, again, we are talking about a cost issue. If people can afford more space, we are glad to provide it.*
 - 21. How will the ground floor commercial space be marketed? Our vision for this space is to provide it as an asset to the neighborhood. We would like to see the space at the corner of Hiawatha and Charles used for a neighborhood restaurant. Most of the commercial bays along Hiawatha will be 20 ft wide, and will be priced to attract local businesses or professional offices.*
 - 22. The unit costs seem good, but how do I know if I will qualify for the affordable units? I am afraid that I may be in a middle area, where I can't qualify for down-payment assistance, but I can't qualify for a conventional mortgage. Income eligibility for affordable units is a fairly complicated subject, and therefore, we need to know more about your household to let you know whether you qualify. The best thing to do would be to contact HomeSight directly for more information. We have worked with people in many different situations, and over a period of years, to help get them in a position to own their own home.*
 - 23. How much will the condominium dues be? We have not yet worked this out, however, usually dues are based on unit value or unit square footage.*
 - 24. How will the mutual housing tenants be able to raise enough equity to eventually purchase a home of their own? The City is hoping to implement a 10-year tax abatement program to provide an incentive for development in the Central Area. That tax savings may translate to approximately \$100/mo/unit. If we charge a standard rent, we hope to put up to the \$100/mo that usually would pay the property taxes into an escrow account, for the tenant to use (as it accrues over time) towards downpayment on a condominium or house.*
 - 25. What are you anticipating the market rate units will sell for? In today's dollars, we expect the prices to be between \$150,000 to \$160,000.*
 - 26. Will there be any community outdoor space available to the residents of the Arts & Loft building? The building will include a roof top garden terrace, and individual units on the top floor will have private decks. We also plan on having the condominium association own an*

**Hiawatha Place Redevelopment
Public Meeting Summary
November 2, 1998
Seattle Vocational Institute**

open space across Hiawatha at Charles. One of the benefits of this location is the easy access to the many parks located in the Central Area. I-90 lid park is one block away, and through the Central Park trail, there are connections to many other playgrounds and green spaces. There is also a Jackson Place community P-patch, and our preliminary site plan included a garden space across Hiawatha in the middle of the block (between the Cohousing and single-family homes).

27. Who are your targeted buyers for the market rate lofts? These units will not be restricted to artists. We would like to try and market them to people who's work is associated with the arts, for example arts administrators. Where there are subsidies to the units in the Arts & Lofts building, the intent is to provide those to artists.
28. How do you restrict your units to artist with fair housing laws that don't allow for discrimination? Pioneer Square CDO is consulting on the project, and has experience managing artist live-work space in Pioneer Square. They recently rented up Harbor Lofts, which is exclusively for artists. The tenants reflect the cultural diversity of the region. Artists are not a protected class, so as long as we do not discriminate against someone based on race, gender, or other protected status, we have not broken fair housing laws. In order to be selected to be a resident of the Arts & Lofts (mutual housing or affordable condos) prospective residents will go through a selection process and will need to demonstrate that they are an artist. Their primary income does not need to be derived from their artwork, however. Artists in the Central Area will help to define what it means to be an artist for this project. Local artists that are interested in getting involved, should contact Kurt Feichtmeir at (206) 764-9237. Icon is setting up a Web page which should be in operation by early next year and will have more information about Arts & Lofts. The home page will be "iconpentron.com".
29. How does HomeSight's downpayment assistance work? Downpayment Assistance is a loan, but borrowers do not start paying it down until year eight, when it is likely that they have built enough equity in the home to no longer need to pay the monthly mortgage insurance. The monthly mortgage payment does not change dramatically, as the funds previously spent on mortgage insurance are used to start paying down the second mortgage.
30. Will the unit be heated by electricity? Yes.

Parcel 4 (West side of Davis Place S between S Dearborn and S Charles St.)

Davis Place Townhomes, Icon and HomeSight

A mixture of 13 affordable townhomes and 3 single-family, market-rate homes. Each unit is provided with an attached one car parking garage. Preliminary development budget includes architectural lighting along Davis Place S. Estimated Sales Prices are (in 1998 dollars) \$135,000 to \$145,000 for townhomes (up to 80% of median income which is approx. \$31,000/yr for single-person household; \$36,000/yr for 2-person household; \$40,000/yr for a 3-person household), and approximately \$198,000 for the single-family homes (up to 120% of median income which is approximately \$49,000/yr for a 1-person household, \$56,000/yr for a 2-person household, and \$63,000/yr for a 3-person household). Townhomes will be from 1, 200 to 1, 300 sf and single-family houses will be approximately 1,800 sf with an average lot size of 2,676 sf. Total development cost is projected to be approximately \$2,441,713.

**Hiawatha Place Redevelopment
Public Meeting Summary
November 2, 1998
Seattle Vocational Institute**

Questions about Davis Place Townhomes:

1. Are the three single-family homes connected? *No, each of the three houses is detached, on it's own lot, and they are accessed via a driveway off of Charles St. The design of the homes is similar to the Irving St. houses developed by Icon/Pentron and HomeSight, on MLK.*
2. How large are the townhouse units? *These will range from 1200 for the two bedrooms to 1300 square feet for the three-bedroom units.*
3. Does a buyer need to have a family to purchase a unit? *No, single people who are income qualified have purchased many of our homes.*
4. With shared walls, how much natural light is there in the townhouses? *The townhouses have windows on the east and west sides of the unit, which provides nice opportunity for daylight.*
5. Why are the townhouses designed to have parking garages off of Davis Pl.? *The soils condition makes excavation difficult because of artesian water that is just below the surface in much of the site. The Cedar River Pipeline that runs diagonally through the full block can not bear the load of automobile traffic. Therefore, the engineering and construction costs associated with placing the parking below the units and accessed off Davis Place or off of Charles would add tremendously to the unit cost, which would impact the affordability and likely the salability of the units.*
6. Does one need to purchase a HomeSight house in order to use the downpayment assistance? *Not necessarily, 1) if you are looking to purchase a house in the Central Area, South East Seattle, Duwamish, or Downtown, 2) you are income eligible, 3) you have completed the HomeSight program, and 4) the unit price is below our cost caps, you may use the downpayment assistance for the purchase of a house on the standard real estate market.*
7. When will the construction for the Davis Place Townhomes start? *Part of the property is on a steep slope, so construction will be limited to April 1 to October 1 during a particular year. We would like to start excavation to in 1999. The Davis Place portion of the project could be permitted quickly, and we are interested in moving it forward. Proceeding with this project as a first step will not delay the Arts and Lofts start date, both projects could proceed simultaneously.*
8. How fast do HomeSight homes sell? *Our homes sell very fast, we usually sell units before construction starts.*
9. Once a person has purchased a home from HomeSight, can they sell it? *Yes, HomeSight has the first right of refusal, and we hope to be able to buy back the home at a market rate, and resell it with downpayment assistance. We do not believe that a homeowner is served by restrictions to the sale price, it is not a limited equity transaction.*

Comments on the Hiawatha Place Redevelopment Plan:

1. *It is exciting to see what is being presented here tonight. As Jackson Place residents, we are excited about the potential this redevelopment proposal offers our neighborhood. For those of you that are interested in moving to the neighborhood, we have an active community council with a tool bank, a P-patch, and are working on many other neighborhood projects. If you want to hear more about the community, feel free to talk to me (Ken Coleman, Co-chair of the Jackson Place Community Council). For five years we have been looking forward to Hiawatha Place becoming the focal point of our community,*

**Hiawatha Place Redevelopment
Public Meeting Summary
November 2, 1998
Seattle Vocational Institute**

and from tonight's meeting, it looks like it is going to happen. The neighborhood has been lobbying strongly for an RTA stop at Poplar which is near Rainier and I-90, and one block away from the Hiawatha Place development.

2. Seattle City Light is working to improve energy efficiency, and as a result is focussing more attention on sustainable development, and resource conservation. The City has funds available to increase insulation, and upgrade to more energy efficient windows.
3. I am excited by how many artists came this evening. It demonstrates the need for, and interest in affordable artist live/work space in the city. I have been watching artists being displaced from the city, and realize that the large lofts that once were available, are extremely rare. I receive between 5 to 10 calls a day from artists that are looking for affordable space. There are 300-500 artists working in Pioneer Square, many in danger of being displaced, as their buildings are sold, or slated for redevelopment. Artists cannot afford the market rents, or the condo prices being offered for the renovated units, and are being pushed out of the community.
4. My wife is an artist, and we are very excited about this project, and hope to be a future resident.
5. I am glad to hear about these affordable live/work loft units, as I myself have fallen victim to displacement.
6. I have recently developed a work space for artists, that does not include live space. I have discovered unwillingness on the part of some artists to compromise in order to occupy a legal unit. Somehow, we need to have a meeting in the middle, where artists can occupy safe affordable space, and be willing to compromise on unit size, or storage. Also, leases need to protect the safety of all tenants, so if an artist needs to use toxic chemicals, they need to be willing to go to an appropriate place to work with those chemicals. Basically, we as artists need to be reasonable in what we expect, recognizing that creating spaces for artists is very expensive, and provides a relatively low return on investment to a developer.
7. Tolerance is an important part of being a good neighbor. I am a part of the Fremont Foundry that provides a wonderful situation. It would be great if these types of projects included gallery space for the residents to provide opportunities for them to market their work. We need more cooperative ventures in other neighborhoods. Being open-minded helps make things work.
8. I am excited about the project. I have been struggling to hold onto my cottage industry with increasing rents, and this timeline gives me three years to prepare financially.

Fiscal Note

Department: Office of Housing	Contact Person/Phone: Elizabeth Butler, 684-0210	CBO Analyst/Phone: Pascal St. Gerard, 684-8085
Legislation Title: AN ORDINANCE relating to the sale of land for housing development in the I-90 Redevelopment Project area; authorizing the sale of Dearborn-Hiawatha Parcel 4b to HomeSight; authorizing the Director of Office of Housing to execute, deliver, and administer the contract for sale of land and to execute and deliver a deed; authorizing the City to accept fee interest upon delivery of a quit claim deed and Seattle Public Utilities to assume jurisdiction of a 14 foot wide parcel abutting the alley occupied by the Cedar River Pipeline No. 3; and ratifying and confirming prior acts.		
Summary of the Legislation: This ordinance provides authority to sell one of the two remaining Dearborn-Hiawatha properties in the I-90 Redevelopment Project area. The sale and development of Parcel 4b (located 2 blocks east of Rainier Avenue S, on the west side of Davis Place S between S Dearborn St and S Charles St) will contribute to the revitalization of the Central Area, provide homeownership opportunities to low and moderate income households, and will bring approximately \$113,500 in sales revenue to the City, to be deposited into the Program Income Revenue Account in Fund 17810. HomeSight proposes to construct on the property a combination of three single-family homes and twelve townhomes for sale to first time homebuyers. The development budget is estimated to total approximately \$1.9 million. SPU requires a 14-foot wide corridor that runs along the eastern edge of the platted alley and the western edge of Parcel 4(b) in order to provide better access to the Cedar River Pipeline #3 that runs below ground in the center of the platted alley. SPU will purchase the property after HomeSight proceeds with a lot line adjustment to create the 14' wide parcel. A market appraisal set the value of the 14' wide parcel and a 2' wide easement that extend along both sides of the platted alley at \$68,000.00, which SPU will deposit into the Program Income Revenue Account in Fund 17810 at closing. A market appraisal of the remainder of Parcel 4b determined a value of \$203,500. The property sales represents a \$90,000 discount to the market value, in exchange for 6 units that HomeSight will sell to first time home buyers earning less than or equal to 80% of median. The land sale discount will translate to \$90,000 of down payment assistance in the form of a second mortgage to the buyer that will be repaid to HomeSight and will revolve as a part of their down payment assistance loan fund.		
Background (Include justification for the legislation and funding history, if applicable): This property sale has been handled according to the goals and process outlined in the Hiawatha Place Request for Developer Qualifications and Preliminary Proposals, as adopted by City Council in February 1998. Department of Neighborhoods issued a prospectus for the property in March 1998. The Hiawatha Place Developer Selection Advisory Committee met May-July, 1998, to review the qualifications and submissions. The Committee recommends that HomeSight be selected to purchase and develop Parcel 4b.		

Sustainability Issues (related to grant awards):

NA

Estimated Expenditure Impacts:

FUND	1998	1999	2000
SPU Water Fund for property acquisition			\$68,000
TOTAL			

One-time \$ _____

On-going \$ _____

Estimated Revenue Impacts:

FUND	1998	1999	2000
Program Income Revenue Account in Fund 17810			\$113,500*
Program Income Revenue Account in Fund 17810			\$68,000
TOTAL			\$181,500*

One-time \$181,500*

On-going \$ _____

Estimated FTE Impacts:

FUND	1998	1999	2000
NA			

* Costs include FTE plus related staff costs, plus administrative overhead.

Full Time _____ # Part Time _____ # TES _____

Do positions sunset in the future? If so, when?

N/A

Other Issues (including long-term implications of the legislation):

*Net proceeds will be less than the \$181,500 because of payments made from escrow at closing (maximum estimated at \$15,000 for title insurance, escrow fees, final property clean-up, and prorated assessments) payable by the City pursuant to the terms of the Contract, which shall be credited toward payment of the purchase price of the Property.

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DAVIS PLACE TOWNHOMES

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the "Agreement") is made as of _____ 1999, by and between the City of Seattle, a municipal corporation of the State of Washington (the "City"), and HomeSight, a Washington not-for-profit corporation, ("Purchaser"), whose address is 3405 South Alaska Street, Seattle, WA 98118.

WITNESSETH:

WHEREAS, the City obtained ownership of certain parcels known as the "Dearborn-Hiawatha Properties" from the State of Washington, the Seattle Housing Authority, King County, and private individuals ; and

WHEREAS, on January 23, 1989, by Resolution No. 27901, the City adopted the I-90 Area Development Policies which Policies were amended on December 11, 1995, by Resolution 29258; and

WHEREAS, the City's Ordinance No. 117612 dated April 24, 1995, directed the Department of Neighborhoods, in coordination with the Department of Housing and Human Services and the Office of Economic Development and in consultation with the Jackson Place Community Council, to proceed with the planning for the redevelopment of the combined residential, commercial and industrial parcels comprising the Dearborn-Hiawatha Properties; and

WHEREAS, the City desires to promote affordable home ownership and economic development in the Jackson Place Community, consistent with the City of Seattle Comprehensive Plan adopted July 25, 1994 and 1999-2000 Consolidated Plan adopted Sep 21, 1998, and amended Feb 8, 1999; and

WHEREAS, to provide flexibility in the planning process, the Seattle City Council would consider a proposed redevelopment plan which may not be consistent with currently approved I-90 Area Development Policies but reflects the Jackson Place Community's vision for these properties; and

WHEREAS, by Resolution 29707 dated March 2, 1998, the Seattle City Council approved the issuance of the Request for Developer Qualifications and Preliminary Proposals dated March 16, 1998 (the "RDQ"), which specified the goals and process for disposition of the Dearborn-Hiawatha Properties; and

69

WHEREAS, the City has conducted a competitive process through the RDQ; and

WHEREAS, in response to the RDQ, Purchaser, in conjunction with Seattle Cohousing and Icon Architecture, Ltd, which are not a party to this Agreement, submitted a proposal dated July 6, 1998 (which is incorporated herein by this reference and shall be hereinafter referred to, with any modifications or additions to such proposal that shall be approved in writing by the City, as the "Proposal") to acquire the Property (defined below) and construct thereon a residential complex of townhomes and single family homes; and

WHEREAS, the Director of the Department of Neighborhoods of the City has determined that the Proposal is complete and responsive to the RDQ; the Proposal has been reviewed and evaluated by the City's Developer Selection Committee; and the Mayor has recommended that the Proposal be accepted; and

WHEREAS, the City Council passed Ordinance 119440 on April 19, 1999 transferring jurisdiction of the Dearborn-Hiawatha property and the authority for the sale of the designated parcels from the Department of Neighborhoods to the Office of Housing; and

WHEREAS, by Ordinance _____, dated _____, the Seattle City Council accepted the Mayor's recommendation that the Proposal to purchase and develop the Property be accepted; authorized the Director to execute, deliver and administer a real estate purchase and sale agreement, which is this Agreement; and designated the disposition of sales proceeds; and

WHEREAS, the City believes that the redevelopment of the Property pursuant to this Agreement, and the fulfillment, generally, of this Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable federal, state, and local laws and requirements under which the redevelopment project has been undertaken; and

WHEREAS, Purchaser has submitted to the City the Proposal, which contains the proposed initial plans ("Conceptual Design") describing the redevelopment project and its architectural character, and the relationship to the surrounding environment of the Improvements to be developed on the Property; which Conceptual Design was approved by the Department of Neighborhoods Director in August, 1998; and

WHEREAS, Purchaser has subsequently revised and modified the Conceptual Design and resubmitted plans for review and approval by the Director of the Office of Housing (herein "Director"). On July 6, 1999 the Director approved these revised plans which are attached hereto in their current, approved form as Exhibit V and shall be referred to, as attached or as modified and approved as provided in this Agreement, as the Conceptual Design.



Now, therefore, the parties hereto, for and in consideration of the promises and mutual obligations herein undertaken, do hereby agree as follows:

PART I – PURCHASE AND SALE

Section 1. Agreement to Convey Property

Subject to all of the terms and conditions of this Agreement, the City agrees to sell and convey to Purchaser that certain real property located in the City of Seattle, commonly known as Parcel 4b of the Dearborn-Hiawatha Properties, and legally described on the attached Exhibit I (the "Property"), and generally located as shown on the map attached hereto as Exhibit II. The conveyance shall be made subject to the reserved easement contained as Exhibit A to the Statutory Warranty Deed (on the attached Exhibit VIII)

Section 2. Payment of Purchase Price

Purchaser agrees to pay to the City the sum of One Hundred Thirteen Thousand Five Hundred Dollars (\$113,500.00) (the "Purchase Price") for the Property.. The Purchase Price is payable at Closing (defined in Section 8 below) in cash, by wire transfer, or by cashier's check. The Earnest Money Promissory Note shall be returned by the City to the Purchaser upon payment of the Purchase Price and completion of Closing.

Section 3. Conveyance

Upon (i) the payment of the sum provided in Section 2 and all other amounts required to be paid by Purchaser hereunder, and (ii) the satisfaction of the conditions set forth in this Agreement, the City shall convey fee simple title to the Property, by Statutory Warranty Deed in the form attached hereto as Exhibit VIII (the "Statutory Warranty Deed"), which is hereby approved as to form by Purchaser.

Section 4. Title Insurance

The City shall at its expense provide Purchaser with an ALTA Standard Coverage Owner's policy of title insurance, issued by Pacific Northwest Title Company of Washington, Inc. ("Title Company") in the amount of the Purchase Price of the Property, insuring Purchaser as the sole fee title holder as to the Property.

Purchaser has reviewed a preliminary title commitment (individually and collectively, the "Title Commitment") from Pacific Northwest Title Company, Order no. 325772, dated November 30, 1997, as supplemented through supplement no. ____ dated ____, along with all documents referenced in the Title Commitment (Exhibit III). Any claims, liens, encumbrances and defects (collectively, "Permitted Exceptions") shown thereon are hereby approved and accepted by Purchaser. Prior to the date of closing, the City shall not further encumber the property, or permit additional encumbrances to attach to the

Parcel. Upon receiving notice of the closing date from the Purchaser, the City shall provide at its expense one title update or supplement to the purchaser, to cover the period from the preliminary title commitment dated November 30, 1997 up to a date one week prior to closing. If title to the Property is not insurable at Closing free and clear of all liens ("Liens"), except for the Permitted Exceptions, then the parties may, by mutual written agreement, (i) extend the Closing for up to an additional one hundred eighty (180) days to allow the City or, at Purchaser's option, the Purchaser, to remove such Liens, or (ii) terminate this Agreement as provided herein provided, the City shall return the original Earnest Money Promissory Note to Purchaser, or (iii) continue this Agreement and Purchaser may purchase the Property as otherwise provided in this Agreement.

Purchaser may obtain such additional title insurance coverage as purchaser chooses, as long as Purchaser pays any difference in the cost between the standard coverage policy provided by the City and the increased premium due from any increase in coverage.

Section 5. Conditions Precedent

A. The following shall be conditions precedent to the City's obligation to convey the Property:

1. Purchaser shall have obtained approval from the Director for the Schematic Design (including the landscaping plan), and the Construction Documents as provided in Sections 302, 303, and 304.
2. Purchaser shall have obtained the grading permit, for the Improvements from DCLU.
3. Purchaser shall provide evidence satisfactory to the City that Purchaser has the necessary financing to fund the construction of the improvements as provided in Section 307.
4. Purchaser shall have obtained approval from the Director of the final development schedule as described in Section 310.
5. Purchaser shall have deposited with Pacific Northwest Title Company (the "Escrow Agent") for delivery to the City, the sum of money required to pay the Purchase Price of the Property as stated under Section 2 of this Agreement and all other amounts payable by Purchaser hereunder in cash or cashiers check or by wire transfer.
6. Purchaser's representations contained herein shall be true as of the Closing of the Property.
7. Purchaser shall otherwise be in compliance with all of the terms hereof.



B. The following shall be conditions precedent to Purchaser's obligation to purchase the Property;

1. The City shall have deposited with the Escrow Agent the Statutory Warranty Deed and all other documents and instruments necessary to transfer fee title in the Property.
2. At Closing, title to the Property shall be free and clear of all Liens except for the Permitted Exceptions.
3. The City's representations contained herein relating to the Property shall be true as of Closing.
4. The City shall otherwise be in compliance with all of the terms hereof.

Section 6. Earnest Money

Immediately upon execution of this Agreement, Purchaser shall deliver to the City the earnest money promissory note ("Earnest Money Promissory Note", Exhibit VI) in the amount of Five Thousand Six Hundred Seventy Five Dollars (\$5,675.00), which is five percent (5%) of the Purchase Price. The Earnest Money Promissory Note shall be held by the City until such time as Purchaser becomes entitled to return of the Earnest Money Promissory Note under the terms hereof, or until the City becomes entitled to the payment of such Earnest Money Promissory Note under the provisions of this Agreement.

Section 7. Quit Claim of Easement and Release All Rights in the Alley

It is understood by the parties that Purchaser intends to initiate a short plat procedure to adjust the lot lines and to segregate the easement area reserved by the City in the deed attached as Exhibit A ("reserved easement") to the Statutory Warranty Deed (Exhibit VIII to this Agreement). In the event Purchaser successfully completes the short plat process, and the adjusted lines do not decrease the dimensions of the reserved easement, Purchaser may execute a quit claim deed ("Quit Claim Deed", Exhibit IX) to convey the reserved easement area to the City. If the platted lot lines are less than the dimensions of the reserved easement, the City shall not release its easement rights.

In addition Purchaser, its heirs, successors and assigns, agrees to release, to the City, its successors and assigns, all rights, title, and interest to the alley abutting the reserved easement, and legally described as:

The sixteen foot wide alley lying east of Block 2, Rainier Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington, as said alley was platted in said plat of Rainier Addition to the City of Seattle;

situate in the City of Seattle, County of King, State of Washington.

When requested by the City, Purchaser, its heirs, successors and assigns, shall join with the City in petitioning for vacation of the alley after the completion of development of the Property.

Section 8. Closing

- A. "Closing" shall mean the execution, delivery and recording (as appropriate) of all documents and payment of all funds into escrow as provided herein.
- B. Closing shall take place on such date as the Purchaser shall specify in a written notice to the City, which written notice (i) shall be delivered to the City at least ten (10) days in advance of the closing date specified in such written notice, and (ii) may be given at any time within, but not later than forty five (45) days after all conditions required herein to be satisfied prior to Closing, other than deposit of funds and instructions in escrow, have been satisfied, but in any event closing shall occur no later than July 1, 2000. Purchaser is allowed two closing extensions, subject to the approval of the Director to (a) July 1, 2001 and (b) July 1, 2002. The Purchase price shall be increased by One Thousand One Hundred Thirty Five Dollars (\$1,135.00) per month (1% of Purchase Price) for each month that closing is delayed beyond July 1, 2000, unless, the first extension was requested because the necessary permits had not been issued in time and the delay is not caused by the action or inaction of the Purchaser, and the Purchaser can demonstrate to the Director that its permit applications, and responses to correction notices were made in a timely manner to allow sufficient time for permits to be issued by the July 1, 2000 closing date, in which case, the Director may waive any increases to the purchase price for the first extension.
- C. At least seven (7) days in advance of Closing, the City and Purchaser shall each deliver to the Escrow Agent for deposit into escrow, with a copy to the other party, all of the documents, instruments, promissory notes, monies and instructions necessary to complete the transfer of said Property pursuant to the terms of this Agreement, each document, instrument and instruction bearing all the original signatures called for therein. Such documents, instruments and instructions include, without limitation, the Statutory Warranty Deed and the parties' respective escrow instructions, if any. The Escrow Agent shall hold all of these documents, instruments, promissory notes and monies in escrow and shall not release or return them, except pursuant to the written instructions of both the City and Purchaser.
- D. At Closing, the Escrow Agent shall be instructed to record the Statutory Warranty Deed (Exhibit VIII) , and to instruct in turn the King County Office of Records and Elections to mail the original of the Statutory Warranty Deed following recording, to the Purchaser as grantee.

- E. The escrow fee charged in connection with this closing shall be paid one-half each, by the Purchaser and the City. Any taxes, assessments or public charges that are payable with respect to the Property during the City's ownership thereof shall be prorated and paid by the City as of Closing, Purchaser shall pay the cost of recording the deed and any documents required by Purchaser's financing.
- F. At Closing, Purchaser shall deliver to the City through the Escrow Agent a cash deposit of Five Thousand Six Hundred Seventy Five dollars (\$5,675.00), an amount equal to five percent (5%) of the Purchase Price as security for completion of the Improvements to be constructed on the Property ("Completion Deposit"). The Completion Deposit (as defined below) shall be returned to Purchaser upon receipt by Purchaser of a Certificate of Completion for said Improvements. This Completion Deposit shall be held by the City until such time as the Purchaser becomes entitled to cancellation of the Completion Deposit under the terms hereof, or until the City becomes entitled to retain the Completion Deposit under the provisions of this Agreement. Purchaser shall not be entitled to interest on the Completion Deposit.
- G. The City shall submit the Earnest Money Promissory Note to the Escrow Agent who shall surrender it to the Purchaser in exchange for full payment of the Purchase Price as described in Section 2 of this Agreement.
- H. If the sale fails to close due to fault of one of the parties, as described in Sections 702 and 703 of Part III of this Agreement, then such party shall be solely responsible for all escrow and title insurance cancellation charges. If the sale fails to close by the date set forth in subsection A above for reasons other than those set forth in Sections 702 or 703, then the Earnest Money Promissory Note shall be returned to Purchaser, and the Purchaser shall pay directly to the escrow agent one half of any escrow or title insurance cancellation charges and the City shall pay one-half from the City's own funds.

Part II - DEVELOPMENT

SUBPART 100 - COMPLIANCE WITH CONCEPTUAL DESIGN

Section 101. Compliance with Proposal and Conceptual Design; Improvements

Purchaser shall develop the Property substantially as shown in the Conceptual Design (Exhibit V), or as otherwise approved in writing by the Director, and in compliance with all applicable state and local laws and regulations. The improvements to be constructed on the Property more specifically described in the Construction



Documents to be submitted to DCLU and Office of Housing by Purchaser as provided hereunder, are referred to as the "Improvements."

SUBPART 200 - ACCEPTANCE, CONDITION AND POSSESSION OF PROPERTY

Section 201. Acceptance AS IS

Purchaser acknowledges and agrees that (i) the City has provided Purchaser with a Phase I environmental assessment with regard to the Property, dated April 1991, prepared by Parametrix Inc., and a Report of Geotechnical Investigation and Modified Environmental Assessment with regard to the Property, dated July 1, 1996, prepared by PacRim Geotechnical, Inc. (together the "Environmental Assessment"), (ii) Purchaser has been informed that Giant Hogweed, a King County designated noxious weed has apparently been growing on portions of the Property, and information describing the property owner's responsibilities associated with such weeds are attached hereto in Exhibit IV; (iii) Purchaser has been afforded the opportunity to make such investigations and inspections of the Property and of the City's records with respect to the Property and matters related thereto as Purchaser desires, (iv) Purchaser has entered into this Agreement on the basis of its own investigation of the physical condition of the Property, including subsurface conditions. Purchaser further specifically acknowledges and agrees that notwithstanding any prior or contemporaneous oral or written representations, statements, documents, reports, studies or communications of the City, this Agreement constitutes the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior or contemporaneous oral or written representations, statements, documents, reports, studies or communications. In addition, Purchaser specifically acknowledges and agrees that EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THIS AGREEMENT, THE CITY DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY OR ANY RELATED MATTER, the Property is sold to Purchaser in an "AS IS" condition as of Closing and, except as specifically set forth in Section 202 hereof, Purchaser assumes the risk that adverse physical conditions may not have been revealed by its investigation, (iv) Purchaser explicitly took into account such risk in its decision to enter into this Agreement on the terms set forth herein, and (v) except as otherwise provided herein, Purchaser will accept title to the Property in its AS IS condition subject to all defects and conditions, including such defects and conditions, if any, that may not have been revealed by Purchaser's investigation.

Section 202. Changes in Condition

1. Purchaser has inspected the Property in its present condition as of the date of this Agreement and such inspection has not disclosed any physical condition that would materially impair the development thereof as contemplated hereunder.
2. If Purchaser or the City becomes aware of any change in the physical condition of the Property or any portion thereof after the date of this Agreement that would materially impair the feasibility of the project as contemplated hereunder or would substantially increase the hard construction costs of the project above (a "Changed Condition"), such party shall within ten (10) days of becoming aware of such Changed Condition notify the other party in writing of such Changed Condition.
 - a) If the Changed Condition is caused by Purchaser or its agents, employees or contractors, Purchaser shall restore the Property to its prior condition.
 - b) If the Changed Condition is caused by the City or its agents, employees or contractors, the City shall at its discretion (i) restore the Property to its prior condition and reimburse Purchaser for Purchaser's damages caused by the Changed Condition or the City's restoration of the Property, or (ii) terminate this Agreement by written notice to Purchaser, return the Earnest Money Promissory Note, and reimburse Purchaser for all out-of-pocket costs directly related to development of the Property and incurred by Purchaser from August 24, 1998, the date of preliminary developer selection, through the date on which the City notifies Purchaser in writing of its election of termination.
 - c) If neither Purchaser nor the City is responsible for the Changed Condition, which may include, but shall not be limited to the discovery of pre-existing Hazardous Substances on the Property, then (i) if, within fifteen (15) days after the City sends or receives written notice of the Changed Condition, the City gives written notice to Purchaser that the City elects to remedy the Changed Condition, then this Agreement shall remain in effect and the City shall remedy the Changed Condition prior to Closing, or (ii) if the City does not give written notice of such election within said fifteen (15) days, then Purchaser shall have the option, by written notice to the City no later than fifteen (15) days after sending or receiving notice of the Changed Condition to terminate this Agreement and the City shall return the all Earnest Money Promissory Note, , in which case neither party shall have any further obligation or liability, of any kind whatsoever, to the other under this agreement..
3. Any written notice from Purchaser to the City hereunder that Purchaser is prepared to close the purchase of the Property shall constitute Purchaser's representation that it has reinspected the Property and agrees to accept it in its condition on the date of such notice, whether or not such condition has changed from the date hereof.

4. Purchaser has been advised that improvements will be required to the existing infrastructure, including but not limited to utilities serving the Property, but the extent of such required improvements to the infrastructure has not been determined. If, prior to the Closing of the Property under this Agreement, Purchaser determines in its sole discretion that the cost to Purchaser of required infrastructure improvements will exceed the one hundred thousand dollars (\$100,000) initially estimated, and will materially impair the feasibility of the project, as contemplated hereunder or will substantially increase the hard construction costs above, Purchaser shall have the option, as Purchaser's sole recourse, to terminate this Agreement by written notice to the City and receive the return of the Earnest Money Promissory Note and thereafter neither party shall have any further obligation or liability, of any kind whatsoever, to the other under this Agreement.
5. Together with any notices required under this paragraph, the parties shall, to the extent they have not already done so, provide the other party with a copy of any reports or findings that disclose the Changed Condition or describe how such Changed Condition would in fact materially impair the development of the Property as contemplated hereunder, or would substantially increase the cost of such development.

Section 203. Possession

Purchaser shall be entitled to exclusive possession of the Property (subject to the rights of the City contained herein) upon recording of the Statutory Warranty Deed.

Section 204. Right of Entry

The City hereby grants to Purchaser and Purchaser's employees, agents and contractors, the right as of the date of this Agreement to enter upon the Property from time to time, prior to any termination of this Agreement, for the purpose of conducting therein and thereon such inspections and studies as Purchaser may reasonably deem necessary or appropriate with respect to developing the Improvements, and Purchaser accepts and agrees to exercise the right of entry in accordance with the conditions described in Exhibit XII.

Section 205 Remediation by City Prior to Closing

If during the period after execution of this Agreement and prior to the closing on the Property, Purchaser discovers and gives written notice of the location of significant amounts of buried debris (e.g. concrete, appliances, or other trash) dumped on the site, and underground storage tanks ("UST") located on the property, the City shall cause to be removed, or shall credit against the Purchase Price the expenses incurred by Purchaser that are pre-approved by the City in writing not to exceed fifteen thousand dollars (\$15,000), for removal of the debris and the underground storage tanks discovered on the Property, for cleaning or removing any soils contaminated with



Hazardous Waste, the cost of any report required to certify the successful removal of the UST's and the contaminated soils that may be required by law. In addition, the City will provide one site clean-up, in close proximity to the closing date, and upon request by the Purchaser, whereby all garbage and waste visible from a non-intrusive inspection of the soils, located on the Property will be removed from the site at the City's sole cost, which combined costs shall not exceed the maximum amount of fifteen thousand dollars (\$15,000.00) provided above. Prior to Closing the City will have the Property maintained regularly so that the grass and weeds are trimmed away from the sidewalk and any illegal dumping, when discovered, is promptly removed from the site.

Section 206. Indemnification.

Purchaser hereby agrees to release and forever discharge, indemnify, defend and hold the City, and its elected officials, employees and agents, harmless from and against any and all liability, including without limitation any claims, liability, costs, damages or fees (including but not limited to reasonable attorneys' fees and costs) incurred as a result of or in connection with Purchaser's entry onto any portion of the Property owned by the City, including the adjacent alleyway used as a water pipeline corridor, and including but not limited to Purchaser's release of any Hazardous Substances thereon. The term "Hazardous Substances" shall mean any and all hazardous, toxic, infectious or radioactive substances, wastes or materials as defined or listed by any federal, state or local statute, regulation or ordinance pertaining to the protection of human health or the environment and shall specifically include petroleum oil and its fractions.

Section 207. Construction Agreement

The City owns and maintains the Cedar River Pipeline #3 that is located below ground in the sixteen (16) foot alley that runs north-south to the west of the property. Purchaser agrees to follow the terms and conditions in the Construction Agreement ("Construction Agreement", Exhibit X) in planning for and constructing the Improvements on the property.

Section 208. City's Operation of Pipeline

The City of Seattle is to be responsible, as provided by law, for any damage to the Property caused by the City's negligence in operating the Cedar River Pipeline #3.

Section 209. HomeSight's Down Payment Assistance

Purchaser acknowledges that the purchase price represents a \$90,000 discount, in exchange, Purchaser agrees that six (6) units will be sold to households earning 80% of median income or less, and Purchaser agrees that it will provide up to \$90,000 in Hope Loans to provide down payment assistance to the low income homebuyers purchasing townhomes on the Property. Satisfactory evidence of such financial



assistance shall be provided to the Director upon the completion of each sale to a homeowner.

SUBPART 300 - PLANS, APPROVALS, FINANCING AND CONSTRUCTION

Section 301. Community Meetings on Design

If so requested by the Director, Purchaser agrees to attend one or more community meetings to present the architectural design and hear comments from neighboring residents and businesses, which comments shall not be binding upon Purchaser or require Purchaser to amend the design or other documents relating to the Improvements.

Section 302. Schematic Design, Approval of Schematic Design by the Director

Within ninety (90) days of the date of this Agreement, Purchaser shall prepare and submit to the Director plans and specifications (the "Schematic Design") in sufficient detail with respect to development of the Parcel to clearly describe the site plan, architectural character, circulation, landscaping features and relationship to the surrounding environment of the Improvements. If the development is required to undergo Design Review, the Schematic Designs shall be developed through the Design Review process. The Schematic Design shall be substantially consistent with Section 101 of this Agreement and all applicable state and local laws and regulations, and the Proposal. If the Schematic Design conforming to this Agreement are not submitted within such period, the City shall have the right, by notice to Purchaser and Escrow Agent, to terminate this Agreement, in which case the Earnest Money Promissory Note shall become immediately due and payable and such sums secured by the Note shall be paid to the City, as liquidated damages, as the City's sole and exclusive remedy.

The Director shall review the Schematic Design solely for the purpose of determining whether it substantially conforms to the Conceptual Design. The scope of the Director's review may include urban design issues such as massing, exterior materials, exterior details, landscaping and public amenities. If the Schematic Design does not thus conform, the Director shall so notify Purchaser in writing, providing a statement of the specific reasons for the rejection of the submitted Schematic Design. In such event, Purchaser may submit a revised Schematic Design to the Director for the purpose set forth above. If the revised Schematic Design fails to substantially conform to the Conceptual Design, the Director shall so notify Purchaser in writing, providing a statement of exactly what changes the Director believes are required to bring the Schematic Design into substantial conformance with the Conceptual Design. The Purchaser may within sixty (60) days thereafter submit second revised Schematic Design. If Purchaser fails to submit such second revised Schematic Design or the second revised Schematic Design does not substantially conform to the Conceptual Design, then the City may terminate this Agreement by written notice to Purchaser and the Escrow Agent, such written notice of termination to be provided within fifteen (15)



days of receipt of the second revised Schematic Design, in which case the Earnest Money Promissory Note shall become immediately due and payable and such sums secured by the Note shall be paid to the City as liquidated damages and as the City's sole and exclusive remedy, and neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement.

Section 303 Construction Documents

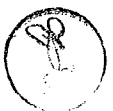
Purchaser shall prepare plans and specifications with respect to the construction of the Improvements (the "Construction Documents") substantially as shown in the approved Schematic Design and all applicable state and local laws and regulations. The Construction Documents shall be in sufficient completeness and detail not only to satisfy requirements pertinent to application for a building permit to DCLU but also to demonstrate to the Director that the improvements and their construction will be in accordance with the previously approved Schematic Design.

Purchaser shall submit the Construction Documents, together with construction or progress schedule, to the Director, at the same time as Purchaser submits those Construction Documents to the Department of Construction and Land Use ("DCLU"). Purchaser shall submit Construction Documents to the Director at any time following the City's approval of the Schematic Design. In any event Purchaser shall submit Construction Documents for all Improvements within twelve (12) months following execution of this Agreement.

Section 304. Changes in Schematic Design or Construction Documents

If Purchaser desires to make any material changes in the size, character, design, or exterior surface of structures or in the site plan, exterior elevation or materials as set forth in the Schematic Design and Construction Documents or either of them after approval of the Schematic Design by the City, the Purchaser shall submit the proposed change to the Director for her approval. If the Director finds that the Construction Documents and/or Schematic Design as modified by the proposed changes, will materially conform to the Conceptual Design the Director shall approve the proposed changes and evidence her approval by endorsement of the same on the revised plan sheets and by notifying the Purchaser.

If the Director finds that the proposed changes to the Construction Documents do not materially conform to the Schematic Design, the Director, in the exercise of her reasonable discretion, may reject the proposed changes. If the Director rejects the proposed changes, the Director's written notice of such rejection shall contain a statement of the specific reasons for such rejection, and the Purchaser may within thirty (30) days submit a revision of the proposed changes, which shall be subject to the timely review described in Section 306 of this Agreement, unless the revisions are manifestly inconsistent in material respects with the approved Schematic Design. If the revised proposed changes satisfy the Director's objections stated in the Director's prior written notice of rejection or otherwise satisfy the criteria set forth above, the Director



shall approve the revised proposed changes and evidence her approval by endorsement of the same on the revised plan sheets and by notifying the Purchaser.

If the revised proposed changes do not satisfy the Director's written objections or the criteria set forth above, the Director may reject the revised proposed changes. If the Director rejects the revised proposed changes, the Director's written notice of such rejection shall contain a statement of exactly what changes the Director believes are required for approval of the revised proposed changes. The Purchaser may thereafter submit second, revised proposed changes. If Purchaser fails to submit such second, revised proposed changes or if the second, revised proposed changes do not satisfy the criteria set forth above, then the City may terminate this Agreement by written notice to Purchaser and the Escrow Agent, such written notice of termination to be provided within fifteen (15) days of receipt of the second, revised proposed changes, in which case the Earnest Money Promissory Note shall become immediately due and payable and such sums secured by the Note shall be paid to the City as liquidated damages and as the City's sole and exclusive remedy, and neither party shall have any further claim, liability or obligation, of any kind whatsoever, to the other under this Agreement.

Section 305. Grading Permit

As a condition precedent to the City's obligation to sell the property to the Purchaser, a grading permit for construction of the Improvements must be issued by DCLU.

Section 306. Timely Review of Plans and Other Documents Requiring City Approval

If any transmittal or submission of the Schematic Design, Construction Documents, (in connection with proposed changes thereto, as provided in Section 304, or otherwise) or other documents requiring City approval contains conspicuous notice on the first page thereof that said plans are subject to a fifteen (15) day time limit for Director review, and the cover letter identifies and lists the significant changes from previously approved plans, and if within fifteen (15) days of receipt, the Director does not give Purchaser written notice of rejection of or any changes to said plans required for conformity as allowed under this Agreement, then the plans as transmitted to the Director shall be deemed approved, unless the changes represented in the submitted plans were not identified in the cover letter and are manifestly inconsistent in material respects with the previously approved architectural design.

Section 307. Financing Commitment

Purchaser represents that Purchaser will use its best efforts to obtain a financing commitment ("Financing Commitment") from one or more lending entities (individually and collectively, the "Lender(s)") to finance the acquisition of the Property and construction of the Improvements to be built on the Property.

As a condition precedent to the City's obligations hereunder, Purchaser shall provide Office of Housing a financing commitment from the Lender(s) and/or Investors(s) that demonstrates to the reasonable satisfaction of the Director that Purchaser will obtain all financing necessary to complete the Improvements to be constructed on the Property in accordance with this Agreement, the Schematic Design the Construction Documents, and that no term of the Financing Commitment is in material conflict with the terms of this Agreement, the Schematic Design, or the Construction Documents. If Purchaser fails to submit such commitment by the later of July 1, 2000, or the date of the allowed extension, then the City may, by notice to Purchaser, terminate this Agreement, in which case the Earnest Money Promissory Note shall be returned to Purchaser and neither party shall have any liability hereunder.

If the City does not give written notice to Purchaser within fifteen (15) days after receipt of a copy of the Financing Commitment that the terms thereof do not meet the criteria set forth in this Section, then City shall be deemed to have approved the terms thereof; provided Purchaser shall mark the copy with conspicuous notice of the 15 day period for review unless the Financing Commitment contains conditions that are manifestly inconsistent in material respects with the terms of this Agreement.

Section 308. Environmental Audits

Purchaser acknowledges receipt of a copy of the Environmental Assessment for the Property (Section 201). The City does not warrant the accuracy or completeness of the Environmental Assessment. If Purchaser commissions its own environmental review of the Property, then Purchaser shall provide a copy thereof to the City.

Section 309. Final Development Schedule and Time for Construction

The Purchaser shall submit to the City the final schedule to proceed with construction ("Schedule") on the Property as a condition precedent to closing. The construction start date and the completion date shall be subject to review and approval by the Director, which approval is a condition to Closing.

Purchaser shall diligently proceed to complete construction of said Improvements according to the Schedule, provided that reasonable extensions for delays shall be granted by the Director as a result of Force Majeure as provided for in Section 818, or as reasonably requested by Purchaser in writing. If the actual completion date is expected to exceed the Schedule completion date, Purchaser shall, in advance of exceeding the Schedule completion date, prepare a written project update to the Director, which explains the reason for the delay, proposes a revised schedule, and requests an extension to the schedule.

i

Section 310. Director's Authority to Approve Changes

Recognizing that the development process often requires revisions to the design of Improvements, and adjustments to the development schedule, the Director reserves



IT IS DUE TO THE QUALITY OF THE DOCUMENT.

the right to approve in writing reasonable changes to the Conceptual Design, the Schematic Design, and the Schedule presented in the Agreement. Purchaser shall submit such revision to the Director with a request for approval and with a conspicuous notice of the fifteen (15) day period for approval. Failure of the Director to approve within 15 days of receipt shall be deemed acceptance by the Director of the revision, provided changes requested by the Purchaser shall not substantially alter the approved Schematic Design or unreasonably delay its completion.

Section 311. Report on Progress

Subsequent to the conveyance of the Property to Purchaser and until construction of the Improvements to be constructed on the Property is complete as evidenced by issuance of a Certificate of Completion for the Property, the Purchaser shall, within ten (10) days of any written request by the City, forward to the Director a written report addressing the City's stated questions and/or providing the specific information requested relating to the actual construction progress of the required drawings, financial commitment or construction of said Improvements.

Section 312. Purpose of Review of Plans and Inspection of Work

The work shall at all times be subject to inspection by the Office of Housing, during regular work hours provided that the Office of Housing gives 24 hour notice of inspection. The review by Office of Housing, as provided in this Agreement is for the purpose of assuring that the Improvements substantially conform to the terms of this Agreement, the Schematic Design and the Landscaping Plan approved by the Director. Such inspection shall not be construed as a representation or warranty to Purchaser or any third party that the Construction Documents, or construction work meets building code standards, that there has been or will be compliance on the part of any contractor or subcontractor with the Construction Documents, that construction has been or will be free from faulty material or workmanship, or as to any other matter. Purchaser shall cause this Section to be included in any contract for work into which Purchaser shall enter under this Agreement.

Section 313. Certificate of Completion of Improvements

The Certificate of Completion may be obtained only for the entire Property. Promptly after completion of the Improvements on the Property in accordance with the provisions of this Agreement and the approved Schematic Design, as confirmed by an inspection by Office of Housing, the Director shall furnish Purchaser with a certificate of completion ("Certificate of Completion") substantially in the form attached hereto as Exhibit XI for the Property upon which the Improvements have been properly completed. A Certificate of Completion shall be issued for the Property when the Purchaser has completed the Improvements pursuant to the Construction Documents and has cured any deficiencies noted by the City in its inspections. The Purchaser shall follow the approved landscaping plan included in the Schematic Design. Completion of the landscaping plan shall be a condition of the Certificate of Completion. Delivery of a



Certificate of Completion by the Director and the recording thereof by Purchaser shall be conclusive evidence of satisfaction of all of the obligations of Purchaser under this Agreement to construct the Improvements on the Property covered by such Certificate of Completion and of the termination of the condition subsequent in the deed with respect to such Property. Upon delivery of a Certificate of Completion, unless the City has already exercised its right as provided in this Agreement to retain the Completion Deposit for a breach of or default under this Agreement on the part of Purchaser, the Completion Deposit shall be returned to Purchaser. A breach or default on the part of the Purchaser may be caused by unapproved delays to the completion of construction as provided in the Schedule, and failing to complete the construction in accordance with the Schematic Design or the Landscape Plan.

Within seven (7) days after a written request by Purchaser to issue a Certificate of Completion, if the Director shall refuse or fail to provide a Certificate of Completion in accordance with the provisions of this Section within such seven day period, the Director shall, within seven (7) days of Purchaser's written request, provide Purchaser with a written statement indicating in adequate detail in what respects Purchaser has failed to complete the Improvements in accordance with the provisions of this Agreement, or is otherwise in default, and what measures or acts will be necessary, in the opinion of the Director, for Purchaser to take or to cause to be taken to obtain such Certificate of Completion. When such acts or measures have been completed and the Director has reinspected the Improvements to confirm such completion, the Certificate of Completion shall be issued. If Purchaser fails to complete such acts or measures within thirty (30) days of the Director's final written statement, then the Completion Deposit shall be paid to the City.

Section 314. Permits

The City acknowledges that the redevelopment of the Property and the requirements of this Agreement necessitate that Purchaser apply for and obtain certain permits and other similar authorizations, (collectively, the "Permits") from the City and other governmental agencies relating to the Property and the Improvements prior to Purchaser obtaining fee title to the Property. The City agrees that: (i) the failure of Purchaser to own fee title to the Property or any portion thereof shall not be a basis for rejecting Purchaser's application for or failing to issue any Permits; and (ii) that the City will provide information in a timely manner as requested by Purchaser which, information is required by the City and other governmental agencies in order to obtain the Permits.

The term "Permits" shall include without limitation Neighborhood Design Review; building permits; short plats and lot boundary adjustments and other similar authorizations and approvals; grading permits; shoring permits and public contract permits for work in public rights-of-way; and utility permits.

Except as otherwise provided in this Section, nothing in this Agreement is intended or shall be construed to require that the City exercise its discretionary authority

under its regulatory ordinances to further the development of the Property, nor binds the City to do so. The City will process applications for permits as if such applications were made in the absence of this Agreement.

PART III – GENERAL

SUBPART 400 - REGULATORY CONDITIONS

Section 401. Non-Discrimination

The Purchaser shall not create barriers to open and fair opportunities for women and minority-owned businesses ("WMBEs ") to participate in contracts and to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services related to the development of the Property. In considering offers from and doing business with contractors and suppliers, the Purchaser shall not discriminate on the basis of race, color, creed, religion, sex, age, nationality, marital status, sexual orientation or the presence of any mental or physical disability in an otherwise qualified disabled person.

SUBPART 500 - PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER

Section 501. Use of Improvements

Purchaser represents and agrees that the purchase of the Property is for the purpose of immediate development of residential complex as represented in the Proposal and not for speculation in land holding. Purchaser further commits to selling six of the units to households earning 80% of median income or less. Down payment assistance totaling Ninety Thousand Dollars (\$90,000.00) in Hope Loans will be recorded against the individual homes purchased by the low-income buyers. These Hope Loans will be repaid to the Down Payment Assistance Loan Fund administered by HomeSight, and repaid loan amounts and interest earned will be held in the fund and used to enable other low and moderate income homebuyers to purchase homes in Seattle pursuant to the conditions of the Down Payment Assistance Loan Fund administered by HomeSight.

Section 502. Transfer of Property and Assignment of Agreement

Purchaser represents and agrees that:

A. Purchaser has not made or created or suffered to be made or created any assignment, conveyance, mortgage, lease, trust, power or transfer, of any sort, of this Agreement or any interest herein, or any interest in or relating to the Property, or entered into any agreement or contract to do any of the foregoing and (except sale agreements with homebuyers in accordance with this Agreement and except as

HomeSight

Purchase and Sale Agreement

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Page 18



otherwise provided in this Section or as authorized by Subpart 600 or Section 704 herein) Purchaser shall not do any of the foregoing prior to issuance of a Certificate of Completion without the prior written approval of the City, which may be withheld in the City's sole discretion.

B. In order to request City approval for any transaction of the type referenced in Subsection A above, Purchaser shall submit to the City all documents relating to the proposed transaction and such information concerning the proposed transferee as the City shall request. If the City approves the transaction, as a condition of such approval, the transferee shall assume all obligations of Purchaser hereunder and shall agree to comply with such other conditions the City may find desirable in order to achieve and safeguard the purposes of this Agreement.

C. In the absence of a specific written agreement by the City to the contrary, no transfer or approval thereof by the City shall be deemed to relieve Purchaser, or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Improvements, from any of its obligations with respect thereto.

SUBPART 600 - MORTGAGE FINANCING; RIGHTS OF MORTGAGEES

Section 601. Limitation Upon Encumbrance of Property

Prior to the issuance of a Certificate of Completion for the Improvements, Purchaser shall not engage in any financing or any other transaction creating any mortgage or other encumbrance or lien upon the Property without the express written consent of the Director, except for financing documents and related encumbrances and liens substantially as contemplated in a Financing Commitment from the Lender(s), approved or deemed approved by the City pursuant to Section 307 hereof, for acquisition of the Property and construction of the Improvements (the "Approved Financing").

Purchaser shall notify Office of Housing in advance of any proposed financing other than the Approved Financing, secured by mortgage or other similar lien instrument, that Purchaser proposes to enter into with respect to the Property or any part thereof (the "Proposed Financing"), and shall promptly notify the Director of any encumbrance or lien that has been created on or attached to the Property, whether by voluntary act of Purchaser or otherwise. If the terms of the Proposed Financing are reasonably satisfactory to the Director, considering Section 307 hereof, the City shall, approve such Proposed Financing.

Section 602. Mortgagee Not Obligated to Construct

Notwithstanding any of the provisions of this Agreement to the contrary, the holder ("Holder") of any mortgage authorized by the Agreement ("Mortgage") (including any such holder who obtains title to the Property or any portion thereof as a result of



foreclosure proceedings, or action in lieu thereof) shall in no case be obligated by the provisions of the Agreement to construct or complete the Improvements or to guarantee such construction or completion; nor shall any covenant or any other provision in the Statutory Warranty Deed be construed to so obligate such Holder; provided, that nothing in this Section or any other Section or provision of the Agreement shall be deemed or construed to permit or authorize any such holder to devote the Property or any part thereof to any uses, or to construct any improvements thereon, other than those uses or Improvements provided or permitted in the this Agreement.

Section 603. Copy of Notice of Default to Mortgagee

Whenever the City shall deliver any notice or demand to Purchaser with respect to any breach or default by Purchaser in its obligations or covenants under this Agreement, the City shall at the same time forward a copy of such notice or demand to each Holder of any Mortgage which Holder has been identified to the City in writing by Purchaser, at the last address of such Holder shown in the records of the City.

Section 604. Mortgagee's Option To Cure Defaults

After any breach or default by Purchaser under this Agreement, each Holder shall (insofar as the rights of the City are concerned) have the right, at its option, to cure or remedy such breach or default in accordance with the time periods in Section 701, and to add the reasonable cost thereof to the Mortgage debt and the lien of its mortgage; provided, that if the breach or default is with respect to construction of the Improvements, nothing contained in this Agreement shall be deemed to permit or authorize such Holder to undertake or continue the construction or completion of Improvements on the Property (beyond the extent necessary to conserve or protect Improvements or construction already made). In the case of any breach or default occurring after Purchaser shall have acquired the Property and shall have granted a mortgage or deed of trust in favor of Holder, Holder shall have an additional thirty (30) days to cure such breach or default after the expiration of any cure period allowed to Purchaser, and if the breach or default cannot reasonably be cured within such thirty (30) day period then the additional period of cure allowed to Holder shall be extended for such time as is reasonably required to cure such breach or default, provided that Holder shall give notice of its intent to cure and commence cure within such thirty (30) day period and continue diligently to pursue such cure.

Section 605. Mortgage and Holder

For the purposes of the Agreement, the term "Mortgage" shall include a deed of trust or other instrument creating an encumbrance or lien upon the Property, or any part thereof, as security for a loan. The term "Holder" in reference to a Mortgage shall include any insurer or guarantor of any obligation or condition secured by such mortgage.



SUBPART 700 - DEFAULT AND REMEDIES

Section 701. Default

Except as otherwise provided in this Agreement, in the event of any default in or breach of this Agreement, or any of its terms or conditions, by any party hereto, or any successor to a party, such party (or successor) shall, upon written notice from the other, proceed immediately to cure or remedy such default or breach, and, in any event, shall complete such cure within sixty (60) days after receipt of such notice or such shorter period as may be provided herein. In case such action is not taken or not diligently pursued, or the default or breach shall not be cured or remedied within the time permitted hereunder, the aggrieved party may pursue any remedies available at law or in equity, subject to the specific limitations herein.

Section 702. Remedies Upon Default of City

Except as otherwise provided in this Agreement, in the event that, following the notice and cure period specified in Section 701, any of the following occurs:

- a) The City fails to tender conveyance of the Property or otherwise close on the Property in the manner required herein after satisfaction of the conditions provided in this Agreement and receipt of a notice to close from Purchaser as specified herein, and any such failure shall not be cured within sixty (60) days after notice from the Purchaser; or
- b) The Director of the Office of Housing fails or refuses to approve Purchaser's Construction Documents pursuant to the terms of this Agreement or refuses to approve such Construction Documents without providing a statement of the reasons for such refusal, provided this subsection shall not apply to DCLU; or
- c) The City otherwise fails or refuses to comply with the terms and conditions of or is in default or breach of this Agreement prior to Closing;

then at the option of Purchaser this Agreement shall be terminated, upon written notice to the City of such termination, the City shall surrender the Earnest Money Promissory Note to the Purchaser and Purchaser shall have the right, as its sole remedy, to proceed against the City for actual damages, limited to out-of-pocket costs directly related to development of the Property. As used herein, the term "out-of-pocket costs" excludes administrative or overhead costs, legal fees, and also excludes consequential damages of any kind whatsoever, such as but without limitation lost profits, lost business opportunities or interference with business or contractual expectancies.

Section 703. Remedies Upon Default of Purchaser

Except as otherwise provided in this Agreement, in the event that, following the notice and cure periods specified in Section 701 prior to the conveyance of the Property to Purchaser any of the following occurs:



- (a) Purchaser (or any successor in interest) assigns or attempts to assign this Agreement or any rights therein or in the Property without the express consent of the City; or
- (b) Purchaser does not submit Construction Documents, as required by this Agreement, or obtain the permits necessary to allow construction, or in each case, in the manner and by the dates respectively provided in this Agreement; or
- (c) Purchaser, without legal excuse, gives notice that it will be unable or unwilling to close on the Property provided herein; or
- (d) Purchaser, without legal excuse, does not tender the full consideration for and take title to the Property and perform all other obligations of Purchaser at Closing of the Property upon tender of conveyance by the City pursuant to this Agreement; or
- (e) Purchaser, without legal excuse, fails to give written notice of intent to close on the Property pursuant to Section 8(b)(i) of Part I, hereof at least ten (10) days in advance of the last date for Closing of the Property specified in such Section notwithstanding the satisfaction of all conditions to Purchaser's obligation to close except those to be satisfied at Closing; or
- (f) Purchaser, without legal excuse, otherwise fails to comply with the terms of or is in default or breach of this Agreement prior to Closing; or;
- (g) There are multiple failures by Purchaser to comply in material respects with the terms or conditions of the land sale contracts with the City, if such failures are not promptly corrected to the satisfaction of the City,

then at the option of the City this Agreement and any rights of Purchaser or of any assignee or transferee in this Agreement or arising therefrom with respect to the City or the Property shall be terminated upon receipt by Purchaser of written notice of such termination, the Earnest Money Promissory Note shall become immediately due and payable and such sums secured by the Note shall be paid to the City, and neither Purchaser (or assignee or transferee) nor the City shall have any further rights against or liability to the other under this Agreement.

Section 704. Reversion of Title to City Upon Failure to Submit Plans, Obtain Financing, Complete Improvements or Upon Certain Other Events Subsequent to Conveyance to Purchaser

A. The City is selling the Property for the purpose of construction of housing needed by City residents and in reliance on the covenant of Purchaser that such housing will be constructed. Therefore, as set forth in the Statutory Warranty Deed, the



conveyance of the Property to Purchaser shall be subject to a condition subsequent to the effect that in the event of failure to complete the Improvements in a timely manner, or failure timely to perform any obligation under Sections 301, 302, 303, 304, or upon the occurrence of other events described in the Statutory Warranty Deed prior to completion of the Improvements, and after failure on the part of Purchaser to cure or remedy such failure or other event within the period (if any) and in the manner stated in the Statutory Warranty Deed, the City at its option may declare a termination of all the rights and interests in and to the Property conveyed by the Statutory Warranty Deed to Purchaser, and that such title and interests to and in the Property shall vest in the City, upon which all rights of Purchaser (and all persons claiming through Purchaser) in and to the Property and possession thereof shall cease;

Provided, that such condition subsequent and any reverting of title as a result thereof in the City (1) shall always be subordinate to and limited by, and shall not defeat, render invalid, or limit in any way, (i) the lien of any mortgage authorized by the City pursuant to this Agreement, and (ii) any rights or interests provided in this Agreement for the protection of the holders of such mortgages; and (2) shall not apply to the Property once the Improvements to be constructed have been completed in accordance with this Agreement and the Certificate of Completion has been issued as provided in Section 314 hereof; and

B. If the City exercises its right to revest title to the City pursuant to this section, the City shall return to Purchaser, without interest, all funds paid by Purchaser to the City for the Property, after deducting (1) any amounts used to pay off liens incurred or permitted by Purchaser; (2) City expenses related to this transaction, including expenses, if any, of restoring the Property to safe and marketable condition; and (3) any amount by which the appraised value of the Property (or the portion thereof revested in the City) at the time of revesting in the City is exceeded by the price paid by Purchaser (or portion thereof allocable to the portion of the Property revested in the City, determined as stated below).

C. In addition to, and not in the alternative to, the City's power of termination as provided for above, the City shall have the right, at any time when the City would have the right to declare a termination of Purchaser's interest under the terms of the Statutory Warranty Deed, by notice to Purchaser and Escrow Agent, to elect to retain the Completion Deposit, or obtain payment on any bond provided in lieu thereof, in either case without any deduction, offset or recoupment whatsoever, as liquidated damages in the event of default, violation or failure of the Purchaser as specified in this section. If the City makes such election to retain the Completion Deposit or realize on the bond, the City shall give written notice of intent to declare a termination of Purchaser's interest under this Section, and Purchaser shall have ninety (90) days after receipt of the City's notice to remedy the failure or event giving rise to the City's right to terminate Purchaser's interest, prior to effectiveness of any termination.



Section 705. Other Rights and Remedies of City; No Waiver of Delay

Either party shall have the right to institute such actions or proceedings as it may deem desirable for effectuating its remedies. Any delay by either party in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights under this Agreement shall not operate as a waiver of any rights or remedies or to deprive it of or limit such rights or remedies in any way; nor shall any waiver in fact and in writing made with respect to any specific default be considered or treated as a waiver of the rights or remedies of either party with respect to any other defaults or with respect to the particular default except to the extent specifically waived in writing.

SUBPART 800 - MISCELLANEOUS PROVISIONS

Section 801. City's Representations

Except as may be set forth in the Environmental Assessment and Section 202, (i) the Director has not received notification of any kind from any agency (including without limitation any other City Department or federal or state agency) suggesting that the Property is or may be targeted for a federal or state Superfund cleanup or may be contaminated with any Hazardous Substance or other hazardous waste or materials, and (ii) the Director has no actual knowledge of a release or threatened release of any Hazardous Substance or other hazardous waste or materials on the Property.

Section 802. Purchaser's Representations

Purchaser represents and warrants that it is a duly organized and validly existing not-for-profit corporation and has full power and authority to enter into and perform this Agreement and the transactions contemplated hereby; the execution and delivery of this Agreement by the undersigned individual has been duly authorized by all necessary corporate or other action; and this Agreement is the valid binding obligation of Purchaser, enforceable in accordance with its terms.

Section 803. Notices

A notice or communication under this Agreement by one party to any other party shall be effective on the earlier of the date actually received by hand delivery or by mail as evidenced by a signed receipt for certified mail, or three (3) days after deposited in the United States mail, postage prepaid, return receipt requested, to the addresses listed below for the parties or to such other addresses as the parties may, from time to time, designate in writing delivered as provided in this Section. Any notice required or permitted by any applicable law also shall be effective if given in the manner specifically required or permitted by such law.



PURCHASER: Attn: Dorothy Lengyel
HomeSight
3405 South Alaska Street
Seattle, WA 98118

THE CITY: Cynthia Parker, Director
City of Seattle Office of Housing
618 Second Avenue, 8th Floor
Seattle, WA 98104

Section 804. Agreement Survives Conveyance

It is the intent of the parties hereto that none of the provisions of this Agreement shall be merged by reason of any deed transferring any interest in any real or personal property; and any such deeds shall not be deemed to in any way affect or impair any of the provisions, conditions, covenants, or terms of this Agreement, except as otherwise provided in this Agreement.

Section 805. Interpretation

Any titles of the several Parts, Subparts or Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions. The recitals and Exhibits are by this reference incorporated into this Agreement.

Section 806. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

Section 807. City Approval and Consent

The Mayor and the Director are the sole persons authorized to act for and on behalf of the City in connection with this Agreement except where another is required to act by law or by this Agreement.

Section 808. Entire Agreement

This Agreement, including recitals and Exhibits, attached hereto, constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior or contemporaneous oral or written agreements, understandings, statements, documents, reports, studies or communications with respect to the Property or the subject matter hereof.



Section 809. Cooperation

The parties agree to use their best efforts diligently and promptly to take all actions necessary and appropriate in order to satisfy the conditions set forth in this Agreement and to execute and deliver all other documents reasonably necessary to carry out their respective obligations hereunder, including without limitation reasonable instructions to Escrow Agent.

Section 810. Time

Time is the essence of all provisions of this Agreement.

Section 811. Partial Invalidity

Any provision of this Agreement which shall prove to be invalid, void or unenforceable shall in no way affect, impair, or invalidate any other provision hereof, and such other provisions shall remain in full force and effect.

Section 812. Governing Law; Venue

This Agreement shall be governed by the laws of the State of Washington. Any action brought to interpret or enforce this Agreement shall be laid in the Superior Court of King County, Washington at Seattle.

Section 813. Successors and Assigns

This Agreement shall be binding upon the parties hereto and their respective successors and assigns, subject to the limitations on transfer herein.

Section 814. No Third Party Beneficiaries

The provisions hereof are for the sole benefit of the parties hereto and, subject to restrictions on transfers by Purchaser stated herein, their respective successors and assigns (including Holders to the extent provided herein). No other parties shall have any rights or remedies hereunder.

Section 815. Amendments

Amendments to this Agreement may be made only after written approval by the City and Purchaser. Amendments which are not fairly within the scope of Ordinance _____ shall not be effective unless authorized by ordinance.

Section 816. Waiver of Rights Under RCW Chapter 64.06



Purchaser hereby irrevocably waives the right to receive a disclosure statement pursuant to RCW Chapter 64.06 and waives any right to rescind this Agreement under RCW Chapter 64.06.

Section 817. Brokerage Commission

Purchaser and Seller agree that no real estate brokers are involved in this transaction or shall be compensated in connection with the sale of the Property or any portion thereof. If any such commission or fee is or becomes due by reason of the conduct of one party, then that party shall pay such fee or commission and shall indemnify and hold the other party harmless from and against any liability for the same.

Section 818. Force Majeure

In the event that either party is unable to perform its obligations under this Agreement or to enjoy any of its benefits because of acts of God, war, civil commotion, riots, strikes, picketing, other labor disputes, damage to work in progress by reason of fire or other casualty, severe weather, or any other cause beyond the reasonable control of said party (hereinafter referred to as a "Force Majeure Event" or "Event"), the party who has been so affected promptly shall give notice to the other party and shall do everything reasonably possible to resume performance. Upon receipt of such notice, the affected party shall be excused from such performance as is affected by the Force Majeure Event for the period of such Event. If the period of the non-performance six months from the receipt of the notice of the Force Majeure Event, the party whose ability to perform has not been so affected may terminate this Agreement by giving written notice.

Section 819. Calculation of Time

If the time for performance of any of the terms, conditions and provisions hereof shall fall on a Saturday, Sunday or legal holiday, then the time of such performance shall be extended to the next business day thereafter.

Section 820. Definitions

The following terms are defined in the section referenced below next to such term:

Agreement	-	Preamble
City	-	Preamble
HomeSight	-	Preamble
Purchaser	-	Preamble
Dearborn-Hiawatha Properties	-	Recitals
RDQ	-	Recitals
Proposal	-	Recitals
Icon	-	Recitals



Seattle Cohousing	-	Recitals
Director	-	Recitals
Office of Housing	-	Recitals
Conceptual Design	-	Recitals
Property	-	Section 1
Purchase Price	-	Section 2
Statutory Warranty Deed	-	Section 3
Title Company	-	Section 4
Title Commitment	-	Section 4
Permitted Exceptions	-	Section 4
Liens	-	Section 4
Escrow Agent	-	Section 5
Earnest Money Promissory Note	-	Section 6
Closing	-	Section 8
Completion Deposit	-	Section 8
Improvements	-	Section 101
Environmental Assessment	-	Section 201
AS-IS	-	Section 201
Changed Condition	-	Section 202
Hazardous Substances	-	Section 206
Construction Agreement	-	Section 207
Schematic Design	-	Section 302
DCLU	-	Section 303
Construction Documents	-	Section 303
Financing Commitment	-	Section 307
Lender(s)	-	Section 307
Schedule	-	Section 309
Certificate of Completion	-	Section 312
Permits	-	Section 314
Approved Financing	-	Section 601
Proposed Financing	-	Section 601
Holder	-	Section 602, 605
Mortgage	-	Section 602, 605
Developer	-	Exhibit XI

Section 821. Exhibits

The following Exhibits are part of this Agreement and are incorporated herein by this reference:

Exhibit I	Legal Description of Property
Exhibit II	Map of Property Location
Exhibit III	Preliminary Title Report with Permitted Exceptions
Exhibit IV	King County Noxious Weed Information
Exhibit V	Conceptual Design

Exhibit I
Legal Description of the Property

Dearborn Hiawatha Parcel 4(b):

Lot 1 through 11, inclusive, All in Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, in King County, Washington.

Subject to an easement over that certain strip of land fourteen (14) feet in width described as follows:

That portion of Lots 1 through 7, inclusive, Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, Records of King County, Washington, lying westerly of a line parallel with and 30 feet easterly of the Most Easterly lines of Lots 10, 7 and 8, and of said Most Easterly lines produced, all in Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington;

together with that portion, if any, of Government Lot 13 in Section 4, Township 24 North, Range 4 East, W.M., lying southerly of the South margin of South Dearborn Street, northerly of the North margin of South Charles Street, westerly of the West line of said Block 2, Dearborn Street Addition to the City of Seattle, and easterly of the East margin of the alley lying east of said Block 2, Rainier Boulevard Addition to the City of Seattle, as said alley was platted in said plat of Rainier Boulevard Addition to the City of Seattle;

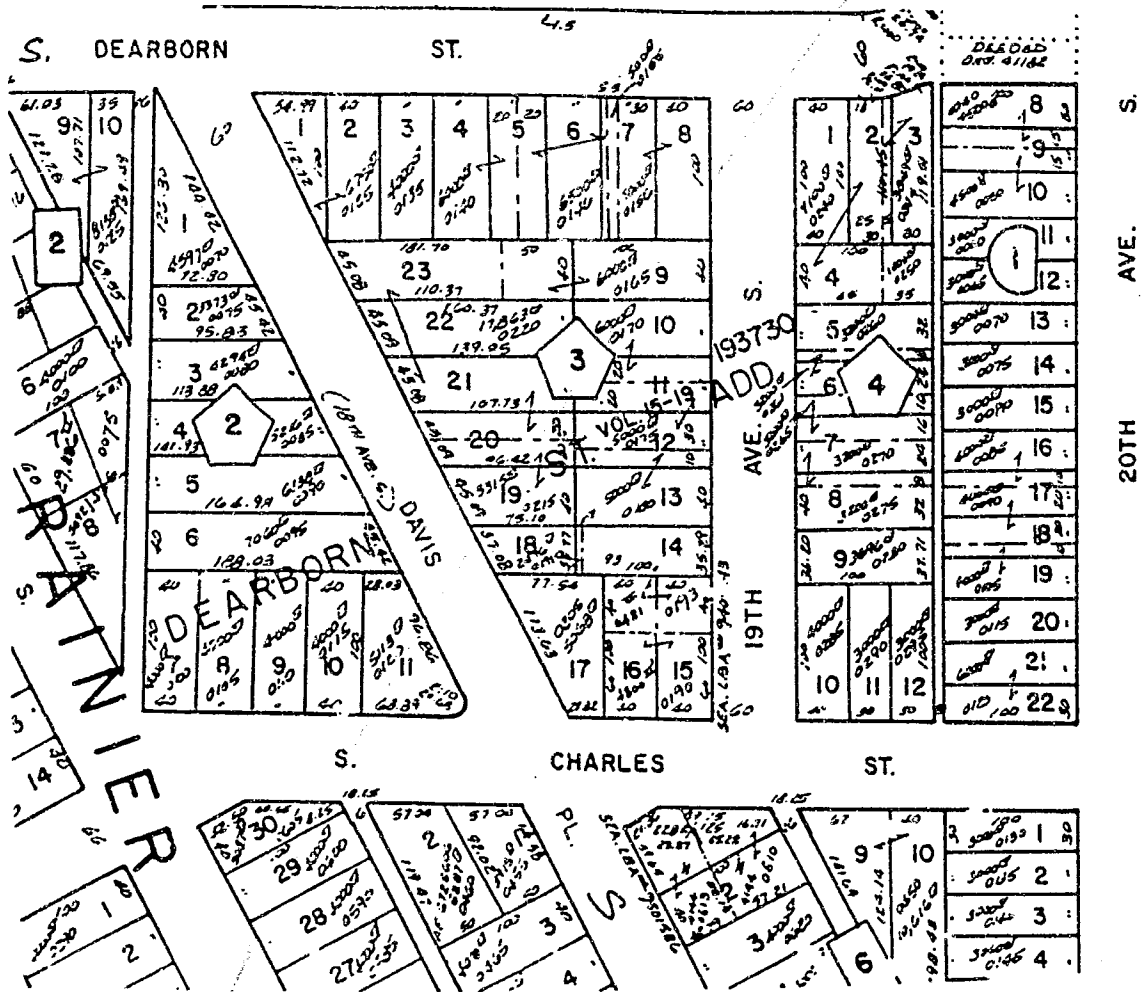
situate in the City of Seattle, County of King, State of Washington.



Exhibit II
Map of Property Location

DEARBORN STREET ADDITION

15/19



PACIFIC NORTHWEST TITLE COMPANY

Formerly Stewart Title Company

Order No. 325 772

IMPORTANT: This is not a Plat of Survey. It is furnished as a convenience to locate the land indicated hereon with reference to streets and other land. No liability is assumed by reason of reliance hereon.

NORTH



SOUTH

HomeSight
Purchase and Sale Agreement
7-Jul-99

Page 32

Exhibit III
Preliminary Title Report with Permitted Exceptions

PACIFIC NORTHWEST TITLE COMPANY
OF WASHINGTON, INC.
1201 Third Avenue, Suite 3800
Seattle, Washington 98101
Senior Title Officer, Marilyn Sanden
Senior Title Officer, Bob Curtis
Unit No. 2
FAX No. (206) 343-8400
343-1345

City of Seattle, Department of Neighborhoods
700 3rd Avenue #400
Seattle, Washington 98104
Attention: Elizabeth
Customer Ref.: Hiawatha L-2

Title Order No.: 325772

SECOND REPORT
A. L. T. A. COMMITMENT
SCHEDULE A

Effective Date: November 30, 1997, at 8:00 a.m.

1. Pacific Northwest Title Insurance Company Policy(ies) to be issued:

ALTA Owner's Policy	Amount	TO BE AGREED UPON
Standard (X) Extended ()	Premium	
	Tax (3.6%)	

Proposed Insured:

TO FOLLOW

NOTE: IF EXTENDED COVERAGE FOR OWNERS OR LENDERS WILL BE REQUIRED FOR A PENDING TRANSACTION, PLEASE NOTIFY US AT LEAST ONE WEEK PRIOR TO CLOSING SO THAT WE MAY INSPECT THE PREMISES.

2. The estate or interest in the land described herein and which is covered by this commitment is fee simple.
3. The estate or interest referred to herein is at Date of Commitment vested in:
- THE CITY OF SEATTLE, a municipal corporation
4. The land referred to in this commitment is situated in the County of King, State of Washington, and described as follows:
- As on Schedule A, page 2, attached.



Exhibit III
Preliminary Title Report with Permitted Exceptions

A.B.T.A. COMMITMENT
SCHEDULE A
Page 2

Order No. 325772

The land referred to in this commitment is situated in the county of King, state of Washington, and described as follows:

Lots 1 through 11, inclusive, All in Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, in King County, Washington.

END OF SCHEDULE A

NOTE FOR INFORMATIONAL PURPOSES ONLY:

The following may be used as an abbreviated legal description on the documents to be recorded, per amended RCW 65.04. Said abbreviated legal description is not a substitute for a complete legal description within the body of the document.

Lots 1-11, Block 2, Dearborn Street Add. to the City of Seattle,
Vol. 15, pg. 19



Exhibit III
Preliminary Title Report with Permitted Exceptions

A.L.T.A. COMMITMENT
SCHEDULE B
Page 2

Order No. 325772

SPECIAL EXCEPTIONS:

NOTE FOR INFORMATION PURPOSES ONLY:

EFFECTIVE JANUARY 1, 1997, AND PURSUANT TO AMENDMENT OF WASHINGTON STATE STATUTES RELATING TO STANDARDIZATION OF RECORDED DOCUMENTS, THE FOLLOWING FORMAT AND CONTENT REQUIREMENTS MUST BE MET. FAILURE TO COMPLY MAY RESULT IN REJECTION OF THE DOCUMENT BY THE RECORDER.

FORMAT:

MARGINS TO BE 3" ON TOP OF FIRST PAGE, 1" ON SIDES AND BOTTOM - 1" ON TOP, SIDES AND BOTTOM OF EACH SUCCEEDING PAGE. RETURN ADDRESS IS ONLY ITEM ALLOWED WITHIN SAID 3" MARGIN. NOTHING WITHIN 1" MARGINS.

FONT SIZE OF 8 POINTS OR LARGER AND PAPER SIZE OF NO MORE THAN 8 1/2" BY 14".

NO ATTACHMENTS ON PAGES SUCH AS STAPLED OR TAPED NOTARY SEALS; PRESSURE SEALS MUST BE SMUDGED.

INFORMATION WHICH MUST APPEAR ON THE FIRST PAGE:

RETURN ADDRESS, WHICH MAY APPEAR WITHIN THE UPPER LEFT HAND 3" MARGIN.

TITLE OR TITLES OF DOCUMENT.

IF ASSIGNMENT OR RECONVEYANCE REFERENCE TO RECORDING NUMBER OF SUBJECT DEED OF TRUST.

NAMES OF GRANTOR(S) AND GRANTEE(S) WITH REFERENCE TO ADDITIONAL NAMES ON FOLLOWING PAGES, IF ANY.

ABBREVIATED LEGAL DESCRIPTION (LOT, BLOCK, PLAT NAME, OR SECTION, TOWNSHIP, RANGE AND QUARTER QUARTER SECTION FOR UNPLATTED).

ASSESSOR'S TAX PARCEL NUMBER(S).

(continued)



Exhibit III
Preliminary Title Report with Permitted Exceptions

A.L.T.A. COMMITMENT
SCHEDULE B
Page 3

Order No. 325772

SPECIAL EXCEPTIONS (continued):

1. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0070-05

The full amount of the general tax for the year 1998 without the exemption would be \$279.64.

AFFECTS: Lot 1, Block 2

2. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0075-00

The full amount of the general tax for the year 1998 without the exemption would be \$205.47.

AFFECTS: Lot 2, Block 2

3. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0080-03

The full amount of the general tax for the year 1998 without the exemption would be \$261.40.

AFFECTS: Lot 3, Block 2

4. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0085-08

The full amount of the general tax for the year 1998 without the exemption would be \$317.33.

AFFECTS: Lot 4, Block 2

(continued)



Exhibit III
Preliminary Title Report with Permitted Exceptions

A.L.T.A. COMMITMENT
SCHEDULE B
Page 4

Order No. 325772

5. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0090-01

The full amount of the general tax for the year 1998 without the exemption would be \$373.25.

AFFECTS: Lot 5, Block 2

6. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0095-06

The full amount of the general tax for the year 1998 without the exemption would be \$429.18.

AFFECTS: Lot 6, Block 2

7. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0100-09

The full amount of the general tax for the year 1998 without the exemption would be \$243.16.

AFFECTS: Lot 7, Block 2

8. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0105-04

The full amount of the general tax for the year 1998 without the exemption would be \$243.16.

AFFECTS: Lot 8, Block 2

(continued)

Exhibit III
Preliminary Title Report with Permitted Exemptions

A.L.T.A. COMMITMENT
SCHEDULE B
Page 5

Order No. 325772

9. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0110-07

The full amount of the general tax for the year 1998 without the exemption would be \$243.66.

AFFECTS: Lot 9, Block 2

10. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0115-02

The full amount of the general tax for the year 1998 without the exemption would be \$243.16.

AFFECTS: Lot 10, Block 2

11. The property herein described is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity.

TAX ACCOUNT NUMBER: 193730-0120-05

The full amount of the general tax for the year 1998 without the exemption would be \$311.25.

AFFECTS: Lot 11, Block 2

12. Title is to vest in persons not yet revealed and when so vested will be subject to matters disclosed by a search of the records against their names.

13. Payment of Real Estate Excise Tax, if required.

The property described herein is situated within the boundaries of local taxing authority of City of Seattle.

Present Rate of Real Estate Excise Tax as of the date herein is 1.78%.

(continued)



Exhibit III
Preliminary Title Report with Permitted Exceptions

A.L.T.A. COMMITMENT
SCHEDULE B
Page 6

Order No. 325772

14. Until the amount of the policy to be issued is provided to us, and entered on the commitment as the amount of the policy to be issued, it is agreed by every person relying on this commitment that we will not be required to approve any policy amount over \$100,000, and our total liability under this commitment shall not exceed that amount.

NOTE 1: SPECIAL TAXES OR CHARGES:

YEAR:	1998
TAX ACCOUNT NUMBER:	193730-0070-05
AFFECTS:	Lot 1, Block 2
AMOUNT BILLED:	\$10.44
AMOUNT PAID:	\$10.44
AMOUNT BILLED:	\$5.00
AMOUNT PAID:	\$5.00

NOTE 2: SPECIAL TAXES OR CHARGES:

YEAR:	1998
TAX ACCOUNT NUMBER:	193730-0075-00
AFFECTS:	Lot 2, Block 2
AMOUNT BILLED:	\$7.58
AMOUNT PAID:	\$7.58
AMOUNT BILLED:	\$5.00
AMOUNT PAID:	\$5.00

NOTE 3: SPECIAL TAXES OR CHARGES:

YEAR:	1998
TAX ACCOUNT NUMBER:	193730-0080-03
AFFECTS:	Lot 3, Block 2
AMOUNT BILLED:	\$9.48
AMOUNT PAID:	\$9.48
AMOUNT BILLED:	\$5.00
AMOUNT PAID:	\$5.00

CLT
CLF2K

Exhibit III
Preliminary Title Report with Permitted Exceptions

Order No. 325772

A.L.T.A. COMMITMENT
SCHEDULE B
Page 7

NOTE 4: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0085-08
AFFECTS: Lot 4, Block 2

AMOUNT BILLED: \$11.38
AMOUNT PAID: \$11.38

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

NOTE 5: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0090-01
AFFECTS: Lot 5, Block 2

AMOUNT BILLED: \$13.28
AMOUNT PAID: \$13.28

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

NOTE 6: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0095-06
AFFECTS: Lot 6, Block 2

AMOUNT BILLED: \$15.16
AMOUNT PAID: \$15.16

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

NOTE 7: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0100-09
AFFECTS: Lot 7, Block 2

AMOUNT BILLED: \$8.54
AMOUNT PAID: \$8.54

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

(continued)



Exhibit III
Preliminary Title Report with Permitted Exceptions

A.L.T.A. COMMITMENT
SCHEDULE B
Page 8

Order No. 325772

NOTE 8: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0105-04
AFFECTS: Lot 8, Block 2

AMOUNT BILLED: \$8.54
AMOUNT PAID: \$8.54

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

NOTE 9: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0110-07
AFFECTS: Lot 9, Block 2

AMOUNT BILLED: \$8.54
AMOUNT PAID: \$8.54

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

NOTE 10: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0115-02
AFFECTS: Lot 10, Block 2

AMOUNT BILLED: \$8.54
AMOUNT PAID: \$8.54

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

Exhibit III
Preliminary Title Report with Permitted Exceptions

Order No. 325772

A.L.T.A. COMMITMENT
SCHEDULE B
Page 9

NOTE 11: SPECIAL TAXES OR CHARGES:

YEAR: 1998
TAX ACCOUNT NUMBER: 193730-0120-05
AFFECTS: Lot 11, Block 2

AMOUNT BILLED: \$11.38
AMOUNT PAID: \$11.38

AMOUNT BILLED: \$5.00
AMOUNT PAID: \$5.00

NOTE 12: Upon notification of cancellation, there will be a minimum cancellation fee of \$50.00 plus tax of \$4.30.

END OF SCHEDULE B

Title to this property was examined by:

LaVonne Bowman

Any inquiries should be directed to one of the title officers set forth in Schedule A.

LB/pjn/95692



Exhibit IV
King County Noxious Weed Information.



King County
Noxious Weed Control Program
Resource Lands and Open Space Section
Water and Land Resources Division
Department of Natural Resources
810 Third Avenue, Suite 350
Seattle, WA 98104
Phone (206) 296-0290 FAX (206) 296-1473

September 24, 1998

Elizabeth Butler
City of Seattle
Department of Neighborhoods
700 3rd Ave, Suite 400
Seattle, WA 98104

Dear Elizabeth:

This is my recommendation for controlling the hogweed growing along 18th Ave S. and Dearborn St. Giant hogweed is a Class A noxious weed with eradication as the ultimate goal. Clearing the vegetation is important, although many of the seeds have dispersed. As we discussed, the hogweed may be transported to the landfill as part of your noxious weed control. The truck load needs to be covered to prevent seeds or other plant material from blowing out the back.

Next spring, around late April or early May; spray the hogweed with a systemic herbicide as it reaches about two to three feet in height. The leaves of the hogweed should be on the larger side to allow the herbicide to translocate to the roots. Since the site is slated for development you can either use Glyphosate (Roundup) or Triclopyr (Garlon). Glyphosate will kill all the vegetation on site, while Triclopyr will effect broad leaf plants but not damage the grass. Depending on how soon ground is broken on the site you may want to use Triclopyr to preserve the grass. Grasses will compete with the hogweed for nutrients and soil moisture. A grass seeding will help to hold the soil and prevent the slope from eroding or sloughing. Depending on how serious a factor erosion is on the site, you may wish to seed the site in mid October to allow the fall rains to provide moisture for germination.

When applying herbicide, make sure to follow the label and apply in recommended concentrations. Apply a complete coverage of herbicide to the hogweed from top to bottom to kill the plant. Spray to wet the entire plant but not to the point to where it runs off the plant. On a periodic basis, about every two weeks, check to be sure that the weeds do not grow unchecked. Look for weeds that were skipped in the initial application and weeds that have emerged since the prior application. These weeds can be dug out of the ground or re-sprayed. Just cutting the weeds down does not control them. Monitor the site for weeds periodically. Remove or spray the weeds as necessary.

Timing is critical for hogweed control. Monitoring the site and checking the plants progress will be an important factor for when you begin your control efforts next spring.

Enclosed are copies of the Unwelcome Guest color brochure, an introduction to the state weed law RCW 17.10, the state department of agriculture's quarantine list, and the exception for transporting the plant to a landfill WAC 752.630. If I can be of any further assistance, if you have any questions or concerns that surface please call us at (206) 296-0290.

Sincerely,

Sean MacDougall
Noxious Weed Inspector

Exhibit IV
King County Noxious Weed Information

Document

Page 1 of 7

WAC1997

WAC 16-752-620 Noxious weed seed and plant quarantine--Prohibited acts.

It is prohibited to transport, buy, sell, offer for sale, or to distribute plants or plant parts of the regulated species listed in WAC 16-752-610 into or within the state of Washington or to sell, offer for sale, or distribute seed packets of the seed, flower seed blends, or wildflower mixes of these regulated species into or within the state of Washington.

[Statutory Authority: Chapters 17.10 and 17.24 RCW. 92-07-025, § 16-752-620, filed 3/10/92, effective 4/10/92.]

WAC 16-752-630 Noxious weed seed and plant quarantine--Exceptions.

The prohibition on transporting of plants and plant parts shall not apply to plant or plant parts collected for herbariums, research in control methods, creation of pressed specimens, or for educational or identification purposes and other scientific activities: Provided, That all activities requiring live plants are conducted in such a manner as to prevent infestation. In addition, plants or plant parts may be transported as a part of a noxious weed control activity to a sanitary landfill to be burned or otherwise for disposition under the supervision of a noxious weed control agency.

[Statutory Authority: Chapters 17.10 and 17.24 RCW. 92-07-025, § 16-752-630, filed 3/10/92, effective 4/10/92.]

WAC 16-752-640 Noxious weed seed and plant quarantine--Permits.

The director may allow the movement of materials, otherwise prohibited, by special permit. Such permit shall specify the terms and conditions under which movement is allowed.

[Statutory Authority: Chapters 17.10 and 17.24 RCW. 92-07-025, § 16-752-640, filed 3/10/92, effective 4/10/92.]

WAC 16-752-650 Noxious weed seed and plant quarantine--Disposition of regulated articles.

Any plants, plant parts, or seed packets transported, bought, sold, or offered for sale in violation of this noxious weed quarantine shall be subject to destruction or shipment out-of-state or other disposition in a manner prescribed by the director to prevent infestation. Any action shall be at the expense of the owner or the owner's agent and without compensation.

[Statutory Authority: Chapters 17.10 and 17.24 RCW. 92-07-025, § 16-752-650, filed 3/10/92, effective 4/10/92.]

WAC 16-752-660 Noxious weed seed and plant quarantine--Penalties.

Any person who violates the terms of the noxious weed quarantine, as provided in WAC 16-752-600 through 16-752-650, or who aids or abets in such violation, shall be subject to the civil and/or criminal penalties provided in chapter 17.24 RCW.

[Statutory Authority: Chapters 17.10 and 17.24 RCW. 92-07-025, § 16-752-660, filed 3/10/92, effective 4/10/92.]

Title 18 WAC
AIR POLLUTION

9/24/98

11:20:18 AM

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Purchase and Sale Agreement
7-Jul-99

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Page 44

Who is responsible for weed control?

RCW 17.10 holds landowners, including counties and state land agencies, responsible for controlling weeds on their property. Federally owned lands are subject to the Federal Noxious Weed Act (Public Law 93-629). Since many people are unfamiliar with noxious weeds, the state and county weed boards and weed districts are available to provide information on identification and control options. Landowners can choose the control method they feel is most appropriate for their property.

How can I battle noxious weeds?

Several weapons are available for battling these noxious invaders. Options include:

- *Prevention activities*, such as learning to recognize and eliminate weeds before they establish
- *Cultural methods*, such as rotating crops and timing fertilizer applications
- *Mechanical methods*, such as hand-pulling and managing tillage practices
- *Biological methods* using natural enemies, such as insects and diseases, that attack weeds and help suppress infestations
- *Herbicide control* using EPA-approved products in compliance with the label

In many cases, these approaches can be integrated to provide the most effective management strategy.

Where can I find more information?

To find out more about weeds and weed control in Washington, contact:

King County Noxious Weed Control Board
Natural Resources Division
506 Second Ave., Suite 720
Seattle, WA. 98104-2311
(206) 296-0290

or

Washington State
Noxious Weed Control Board
1851 South Central Place, Suite 211
Kent, WA 98031-7507
(206) 872-2318
(206) 872-2972

or

Washington State
Department of Agriculture
2015 South First Street
Yakima, WA 98903
(509) 576-3039

Help protect Washington's
environment from
noxious weeds!

Noxious Weeds in Washington State

An Introduction to Washington's Weed Laws

RCW 17.10
RCW 17.04
RCW 17.06
WAC 16-750

Exhibit IV King County Noxious Weed Information

What is a noxious weed?

Noxious weeds are non-native plants that have been introduced to Washington through human actions. Because of their aggressive growth and lack of natural enemies in the state, these species can be highly destructive, competitive or difficult to control.

Noxious weeds are everybody's problem. Each year, these plants cost Washington millions of dollars. Noxious weeds result in losses estimated at 24% of Washington's gross agricultural product. In addition, introduced species are the second leading cause of reductions in biological diversity. These exotic species not only reduce crop yields and destroy native plant and animal habitat; they can damage recreational opportunities, clog waterways, lower land values, and poison humans and livestock.

Does the law require weed control?

Washington's weed law (RCW 17.10) mandates the control of many weed species. "Control" is defined in WAC 16-750 as the prevention of all seed production. Each year, a list of noxious weeds is developed. The complete weed list (found in WAC 16-750) encompasses three different categories of weeds:

Class A weeds are non-native species with a limited distribution in Washington. Preventing new infestations and eradicating existing infestations is the highest priority.

Class B weeds are non-native species that are presently limited to portions of the state. Class B species are designated for control in regions where they are not yet widespread. Preventing infestations in these areas is a high priority. In regions where a Class B species is already abundant, control is decided at the local level, with containment as the primary goal.

Class C weeds are other non-native weeds found in Washington. Many of these species are widespread in the state. Long-term programs of suppression and control are a local option, depending upon local threats and the feasibility of control in local areas.

Who administers the weed law?

RCW 17.10 also establishes a program for administering the weed law. Education, coordination, and enforcement activities are carried out by three groups:

Washington State Noxious Weed Control Board

Washington's weed program is coordinated through the Washington State Noxious Weed Control Board. The State Weed Board's mission is to serve as responsible stewards of Washington's land and resources by protecting and preserving it from the degrading impact of exotic, invasive noxious weeds. The state board pursues this mission by:

- Increasing public awareness of weed problems through education
- Coordinating and assisting county weed boards with their educational and weed control efforts
- Assembling and distributing information on Washington's weeds
- Developing statewide integrated pest management plans for specific species
- Promoting cooperation and compliance from state and federal land agencies and tribal governments
- Developing the state weed list

County Noxious Weed Control Boards

RCW 17.10 allows for the activation of a weed board in each county. County weed programs provide many services to the communities they serve, including:

- Conducting ongoing weed surveys to detect new infestations before they spread
- Educating landowners to achieve voluntary compliance with the state weed law
- Providing the public with technical information on weeds and control options

Setting local weed control priorities

Carrying out weed enforcement actions as needed to protect resources

Weed districts, which were established under Washington's first weed laws, RCW 17.04 and 17.06, still operate in some regions of the state. These districts are responsible for weed control in small areas, typically the size of irrigation districts. Weed districts have responsibilities and activities similar to county weed boards.

Washington State Department of Agriculture

The Washington State Department of Agriculture also plays a role in the state weed program by:

- Performing any necessary enforcement activities in counties without activated weed boards
- Negotiating and ruling in intercounty disputes



Exhibit V
Conceptual Design

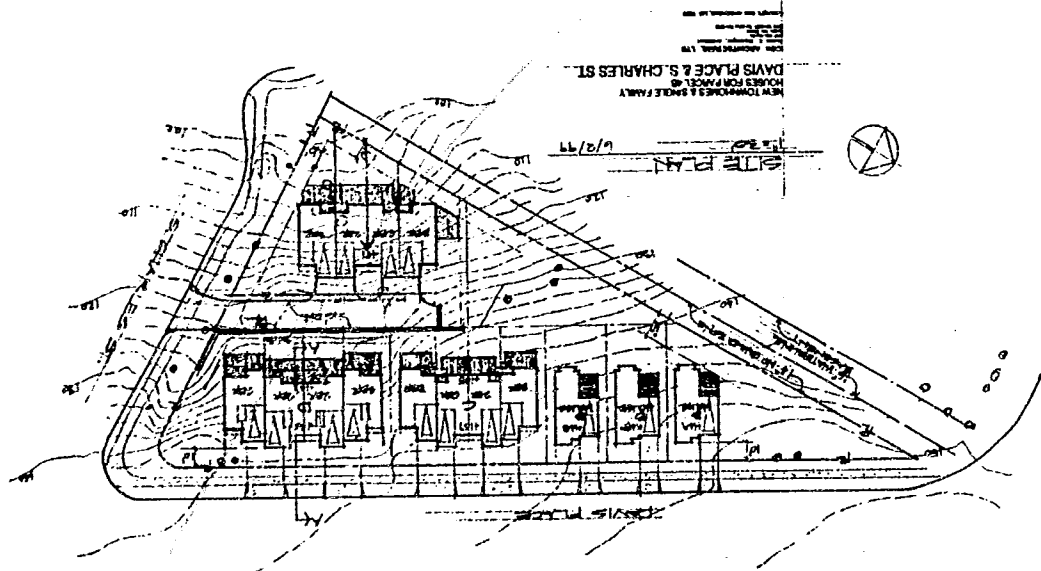


Exhibit V
Conceptual Design

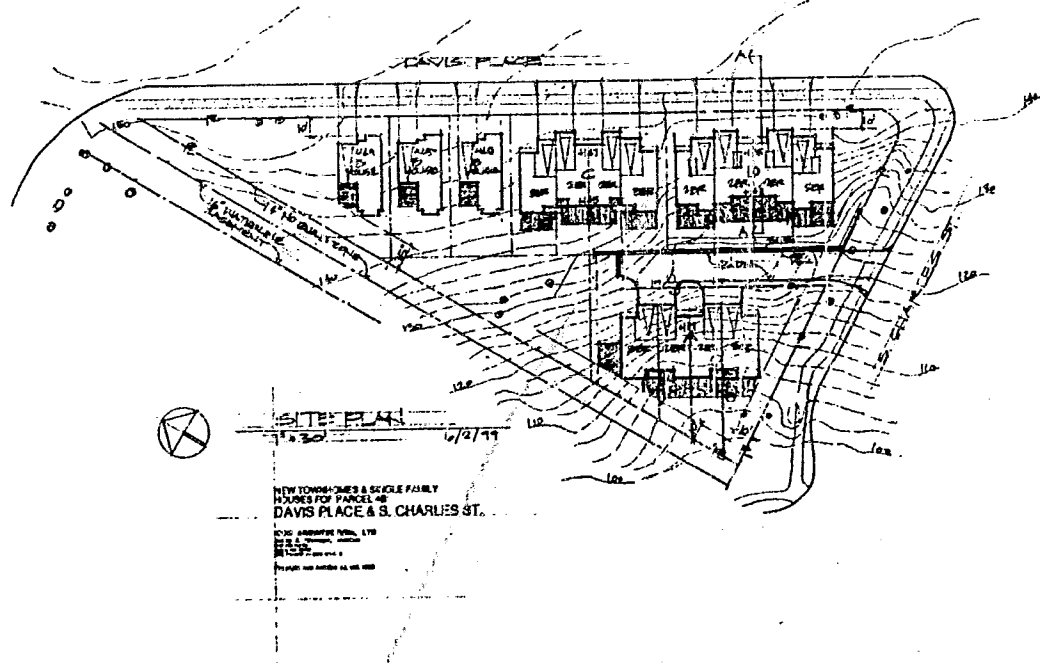
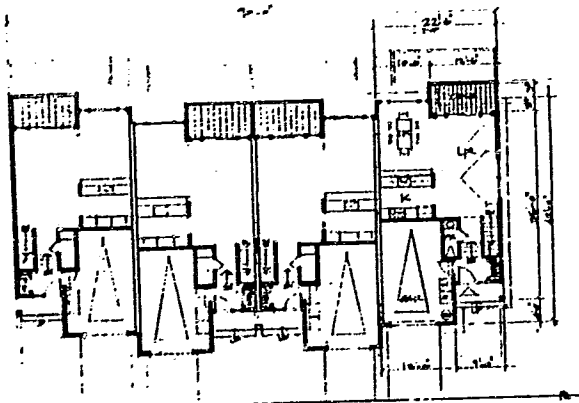
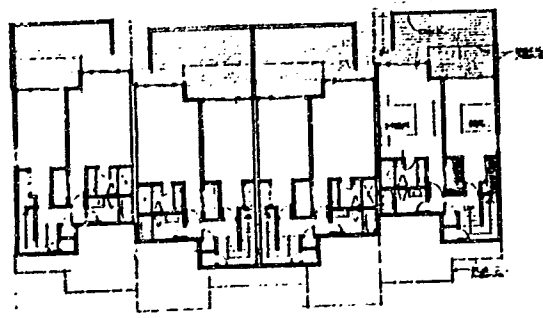


Exhibit V
Conceptual Design

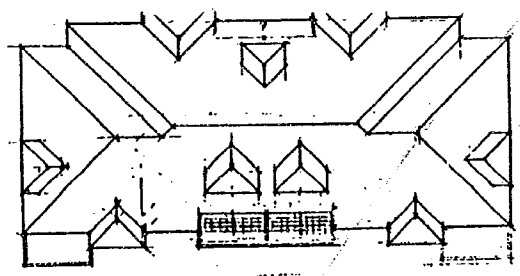


UPPER FLOOR PLAN BLDG 'D'
10-1-99 6/8/99

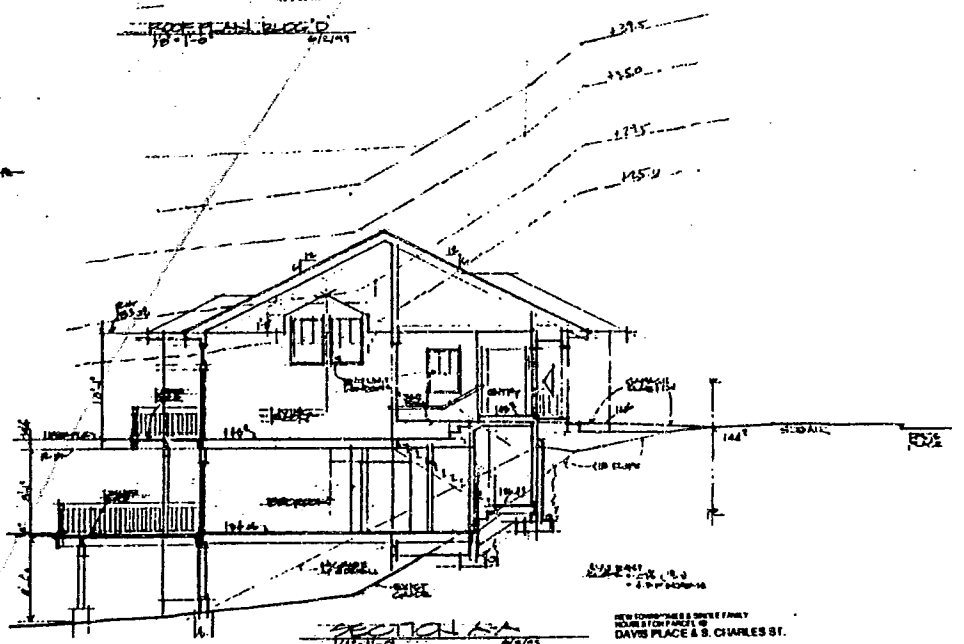


LOWER FLOOR PLAN BLDG 'D'
10-1-99 6/8/99

NEW 2-1/2 STORY 3 BDRM 2 BATH
FAMILY RM. & DINING RM.
DAYS PLACE & S. CHARLES ST.
6/8/99
6/8/99
6/8/99



ROOF PLAN BLDG 'D'
10-1-99 6/8/99



SECTION A-A
10-1-99 6/8/99

NEW 2-1/2 STORY 3 BDRM 2 BATH
FAMILY RM. & DINING RM.
DAYS PLACE & S. CHARLES ST.
6/8/99
6/8/99
6/8/99



Exhibit V
Conceptual Design

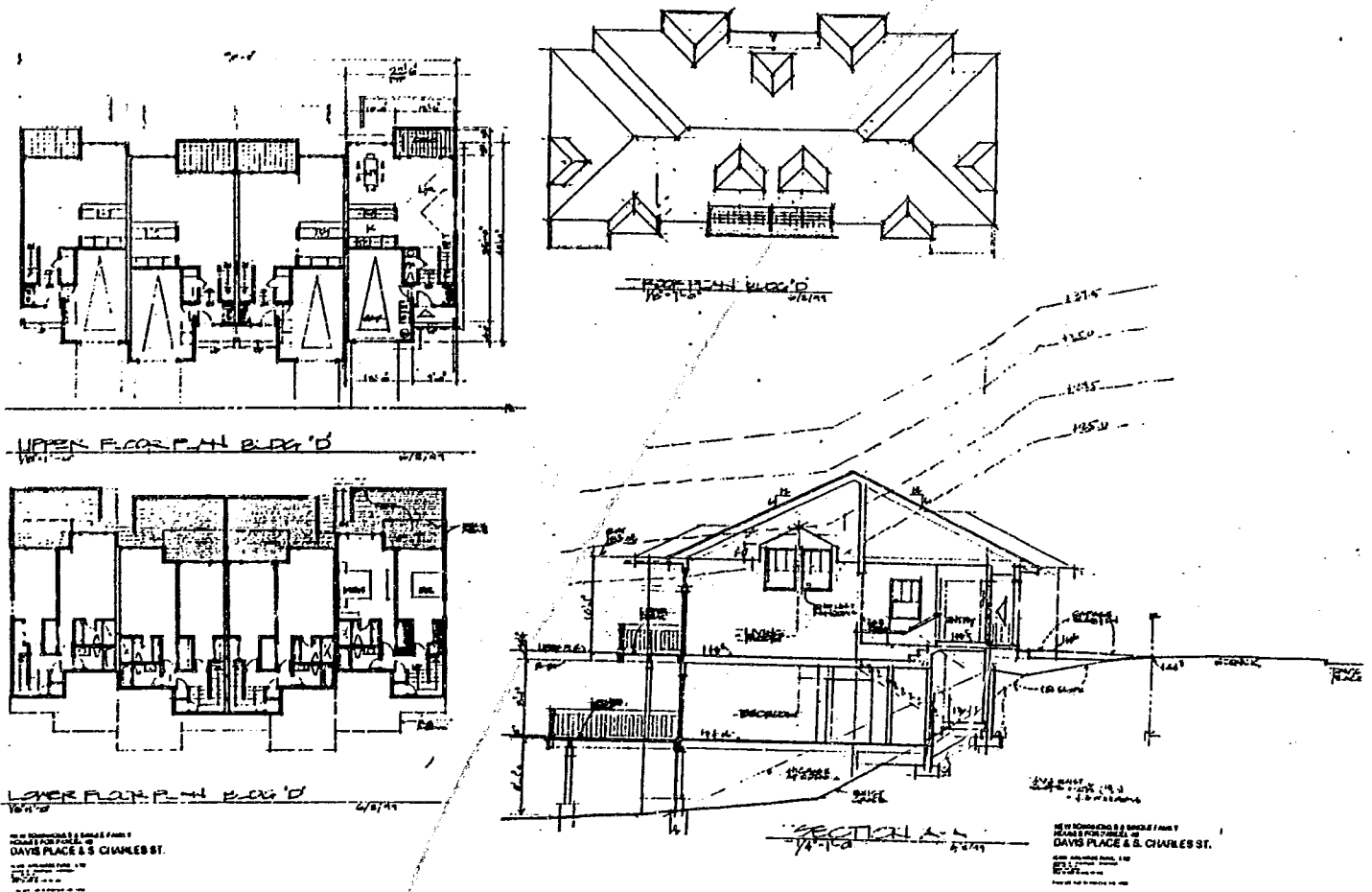


Exhibit VI
Form of Earnest Money Promissory Note

PROMISSORY NOTE

\$XX,000

July __, 1999

1. **PROMISE TO PAY:** FOR VALUE RECEIVED, HomeSight, (hereinafter "Maker"), promises to pay to The City of Seattle, Office of Housing (hereinafter "Holder"), at the address below, or such other place as holder hereof may from time to time designate in writing, the principal sum of Five Thousand Six Hundred Seventy Five Dollars (\$5,675.00), with no interest thereon until due, then interest at the rate of 10% per annum. This note is given as an earnest money deposit upon execution of the Purchase and Sale Agreement ("PSA") dated August __, 1999, for the real property described as Dearborn-Hiawatha Parcel 4(b) located on the west side of Davis Place S between S Dearborn St and S Charles Place, in Seattle Washington.
2. **PAYMENT:** Maker shall pay the entire principal sum and accrued interest to Holder upon demand, after Holder's sixty (60) day notice to Maker of Maker's default in performance of the terms of the Purchase and Sale Agreement executed on ____ by Maker and the City (PSA), and Maker's failure to cure such default within the period allowed by the PSA. In the event that Maker does not default in the performance of the obligations of Maker described in the PSA, this note shall be cancelled, and returned to the Maker by the Holder at the time of the closing of the sale of the real property.
3. **PREPAYMENT:** The Maker may prepay this Promissory Note in whole or in part at any time. No penalty or premium shall be charged in the event of prepayment.
4. **DEFAULT:** If default be made in payment of the Promissory Note, pursuant to the terms of the PSA, then without prior notice, the entire indebtedness secured hereby shall be immediately due and payable, and shall bear interest at the rate of ten (10%) per annum.
5. **ATTORNEY'S FEES:** In the event this Promissory Note is placed in the hands of an attorney for collection, or if suit shall be brought to collect any of the principal or interest of this Note, Maker shall the Holder's reasonable attorney's fees, in addition to all costs of collection and expenses of suit.
6. **WAIVER OF PRESENTMENT:** Presentation of payment, notice of dishonor, protest and notice of protest are hereby waived.
7. **NON-WAIVER:** Failure to exercise any right or option of Holder shall not constitute a waiver of the right to exercise such right or option if Maker is in default hereunder.
8. **EXECUTION AS PRINCIPAL:** Each Maker of this Note executes the same as a principal and not as surety.

HomeSight
Purchase and Sale Agreement
7-Jul-99

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Page 52



Exhibit VI
Form of Earnest Money Promissory Note

9. **APPLICABLE LAW:** This Promissory Note shall be given and construed and enforced in accordance with the laws of the State of Washington. Any suit or action brought hereunder shall be submitted to the jurisdiction of King County Superior Court in the State of Washington.
10. **NOTICES:** All notices, demands, requests, consents, approvals and other instruments required or permitted to be given pursuant to the terms of this Note or the Letter of Credit shall be in writing and shall be deemed to have been properly given if sent by registered or certified mail, postage prepaid, return receipt requested, to the addresses set forth below.

HOLDER: City of Seattle
Office of Housing,
618 Second Avenue,
Eighth Floor
Seattle, WA 98104
Attention: Cynthia Parker

MAKER: HomeSight
3405 S Alaska St.
Seattle, WA 98118.

Provided, however, that such address may be changed upon five days written notice thereof similarly given to the other party. Such notice, demand, request, consent, approval and other instrument shall have been deemed to have been served on the third day following the date of mailing.

MAKERS SIGNATURE:

Title: _____

Date: _____



Exhibit VII
Conditions to the Right of Entry

The City of Seattle grants to Purchaser, its employees, agents and contractors, the right to enter onto the Property located at _____ subject to the following terms and conditions.

A. Purchaser's entry upon the Property, including any Improvements thereon, shall occur during normal business hours for the purposes set forth in this Agreement, upon at least forty-eight (48) hours prior notice (which may be by facsimile) to the City and, in the City's discretion, in the presence of an agent or employee of the City.

B. Any contract entered into by Purchaser for any consultants' services with regard to the Property shall expressly provide that the City shall have no obligation thereunder and that the charges for such services shall not be a lien on the Property unless and until Purchaser shall have completed the purchase of such Property. Prior to entry of each such consultant, Purchaser shall provide the City with a lien waiver from that consultant.

C. No activities (including without limitation excavations) that require a permit under applicable City or other governmental codes or regulations shall be conducted on the Property unless Purchaser obtains such permits at its sole expense and complies with all conditions thereof. Copies of such permits or orders shall be supplied to the City upon its request.

D. If any noxious, non-native vegetation, including giant hogweed, is removed from the Property, Purchaser shall comply with King County requirements to prevent the spread of such vegetation (Exhibit IV). Purchaser shall transport such vegetation securely covered to prevent the spread of seeds, and shall not dispose of such vegetation at composting stations.

E. Purchaser shall use its best efforts to avoid the creation or maintenance of hazards as a result of its activities on the Property. Purchaser shall not keep, dispose of, generate or cause any hazardous waste or substance to be released or deposited on the Property. Purchaser shall not grade or cause any large excavations or filling in of the Property, unless prior written permission is given by the City, and Purchaser shall restore to its previous condition any portion of the Property that has been disturbed by such activities upon written request by the City to do so, which written request shall set forth the hazards to be remedied.

F. Prior to any entry on the Property, Purchaser and its consultants entering on the Property shall furnish to the City evidence of a current policy of general commercial liability insurance in effect for itself, naming the City as an additional insured, that shall insure against personal injury or damage to property with minimum limits of \$500,000 each occurrence and \$1,000,000 annual aggregate. At no time shall Purchaser or its consultants enter upon any portion of the Property owned by the City unless such insurance is in effect.

Exhibit VII
Conditions to the Right of Entry

G. No vehicles shall be driven over or across the water pipeline located in the above described alley on the Parcels. Purchaser, if uncertain of the location of the pipeline, may obtain the assistance of the designated representative of the Seattle Public Utilities Department of the City (SPU) identified below, to determine the location, and will provide information on the pipeline location to it's agents entering the property. The designated representative of SPU shall be: David Defferding 684-5860. Purchaser shall avoid damaging the water pipeline adjacent to the property and shall not remove the fence surrounding the pipeline designed to protect the water pipe against damage from vehicles. Purchaser shall not conduct activities that may cause the disruption of the soil under or near the pipeline, the removal of the ground support for the water pipe, increase the load on top of the pipe, or otherwise cause damage to the pipe or impair its operation. If any digging or removal of soil occurs near the pipeline, Purchaser shall notify the designated representative of SPU identified above. If any damage, leaking or other disturbance of the pipe occurs, Purchaser shall immediately notify SPU's representative, and call 286-1800 to report water-related emergencies.



**Exhibit VIII
Statutory Warranty Deed with Easement**

After Recording Return to: HomeSight

Dorothy Lengyel
3405 S Alaska St
Seattle, WA 98118

Document Title: Statutory Warranty Deed

Reference Number of Document Assigned or Released:

Grantor(s) Name: City of Seattle

Grantee(s) Name: HomeSight

Legal Description:

Abbreviated form: Lots 1-11, Block 2, Dearborn Street Addition to the City of Seattle, Vol. 15, pg. 19, subject to an easement over portion of Lots 1-7.

Additional legal description is included below, and on Exhibit A of document.

Assessor's Property Tax Parcel or Account Number: 193730-0070-05, 0075-00, 0080-03, 0085-08, 0090-01, 0095-06, 0100-09, 0105-04, 0110-07, 0115-02, 0120-05

STATUTORY WARRANTY DEED WITH CONDITION SUBSEQUENT

Grant

THE CITY OF SEATTLE, a municipal corporation of the State of Washington, (the "Grantor"), for and in consideration of ten dollars (\$10.00) in hand paid, and other good and valuable consideration and the covenants of the Grantee contained in that certain Purchase and Sale Agreement between Grantor and Grantee, dated [] ("Contract"), bargains, sells and conveys to HomeSight, a Washington not for profit corporation (the "Grantee") the following described real estate located in the City of Seattle, County of King, State of Washington, generally located on the west side of Davis Place S between S Dearborn St and S Charles Place and legally described as follows:

Lot 1 through 11, inclusive, All in Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, in King County, Washington.

Subject to an easement over that certain strip of land fourteen (14) feet in width

HomeSight
Purchase and Sale Agreement
7-Jul-99

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Page 56



Exhibit VIII
Statutory Warranty Deed with Easement

described as follows:

That portion of Lots 1 through 7, inclusive, Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, Records of King County, Washington, lying westerly of a line parallel with and 30 feet easterly of the Most Easterly lines of Lots 10, 7 and 8, and of said Most Easterly lines produced, all in Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 53, Records of King County, Washington;

together with that portion, if any, of Government Lot 13 in Section 4, Township 24 North, Range 4 East, W.M., lying southerly of the South margin of South Dearborn Street, northerly of the North margin of South Charles Street, westerly of the West line of said Block 2, Dearborn Street Addition to the City of Seattle, and easterly of the East margin of the alley lying east of said Block 2, Rainier Boulevard Addition to the City of Seattle, as said alley was platted in said plat of Rainier Boulevard Addition to the City of Seattle;

situate in the City of Seattle, County of King, State of Washington.

Covenants

This conveyance is subject to the following covenants and restrictions which shall be binding on the Grantee and Grantee agrees to on behalf of Grantee's heirs, successors and assigns:

1. **Covenants in Exhibit A.** The conveyance is subject to the covenants in the attached Exhibit A.
2. **Condition Subsequent.** This Deed and all rights of Grantee hereunder are subject to a condition subsequent upon the occurrence of which Grantor or its governmental successors or assigns shall have the absolute right, subject only to the express limitations set forth herein, to terminate, by notice to Grantee or by reentering and taking possession of the Property (or one or more Parcels thereof, if the legal description designates separate Parcels or if the Contract provides for the division of the Property into Parcels), the estate conveyed under this deed and all rights of all persons claiming by or through Grantee, whereupon fee simple title to the Property (or to one or more Parcels thereof, if the condition subsequent shall have terminated as to the other Parcel or Parcels) shall revert entirely in Grantor or its governmental successors or assigns. The condition subsequent shall have occurred if any of the following shall occur prior to the time that Grantee shall have completed construction of the Improvements to the Property (to consist of a 15 unit development comprising townhouses and single family homes, in accordance with certain Construction Plans submitted by Grantee) required pursuant to the Contract and shall have obtained from Grantor a Certificate of Completion with respect thereto:

(a) Grantee or its successor in interest shall default on, fail to perform or violate Grantee's obligations with respect to the construction of the Improvements pursuant to the Contract (including without limitation obligations with respect to the nature of the Improvements and the



Exhibit VIII
Statutory Warranty Deed with Easement

dates for the beginning and the completion thereof), or shall abandon or substantially suspend construction work, and any such default, failure to perform, violation, abandonment or suspension shall not be cured, ended or remedied to the reasonable satisfaction of Grantor within thirty (30) days after Grantor's written demand to do so; or

(b) Grantee or its successor in interest shall, without the express written consent of Grantor, transfer any interest in the Property or cause or permit there to be placed on the Property any encumbrance or lien not authorized by the Contract, unless such encumbrance or lien is paid, removed or discharged or provision is made satisfactory to the Grantor for such payment, removal or discharge, within thirty (30) days after written demand from Grantor to do so; provided that in the case of a mechanic's or materialmen's lien or notice thereof Grantee shall have the right to prevent the occurrence of a condition subsequent pursuant to this subsection (b) by bonding or depositing security under conditions reasonably adequate to protect Grantor from such liens in the event title should revert in Grantor under the terms hereof.

Notwithstanding the foregoing, the condition subsequent and any reversioning of title as a result thereof in the Grantor (1) shall always be subject to and limited by, and shall not defeat, render invalid or limit in any way (a) the lien of any mortgage or deed of trust permitted by the Contract, and (b) any rights or interest provided in the Contract for the protection of the holders of such mortgages or deeds of trust; and (2) shall not apply to individual Parcels of the Property for which a Certificate of Completion has been issued as provided below; and (3) shall be extinguished and shall not apply to the Property if a mortgagee under a mortgage or beneficiary under a deed of trust shall foreclose on the Property and the Property shall be sold in a judicial or nonjudicial foreclosure sale (provided that the mortgage or deed of trust was authorized by the City pursuant to the Agreement).

3. **Certificate of Completion.** Upon the recording of a Certificate of Completion duly signed by the Director of the Office of Housing of the Grantor, stating that the Improvements to the Property, or a Parcel thereof, have been completed in accordance with the Contract, the condition subsequent in this deed shall be of no further force or effect with respect to the Property, or Parcel thereof specified in the Certificate, as the case may be.
4. **Miscellaneous.** Capitalized terms not defined herein shall have the meanings set forth in the Contract. Time is of the essence of all of the provisions hereof.

Executed this _____ day of _____, 1999, pursuant to Ordinance No. _____.

GRANTOR:
THE CITY OF SEATTLE

By _____
Cynthia Parker, Director,
Office of Housing



Exhibit VIII
Statutory Warranty Deed with Easement

Approved as to form only:

Mark H. Sidran, City Attorney

By _____
Betty Ngan, Assistant

GRANTEE:
HomeSight

By _____
Print Name: Dorothy Lengyel

Approved as to Form by Purchaser:

By _____

Dorothy Lengyel
Executive Director

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, before me, the unsigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared to me Cynthia Parker, to me known to be the Director of the Office of Housing of the City of Seattle, the municipal corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year in this instrument above written.

Date _____

NOTARY PUBLIC in and for the
State of Washington, residing at

My Commission Expires: _____

HomeSight
Purchase and Sale Agreement
7-Jul-99

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Page 59



**Exhibit VIII
Statutory Warranty Deed with Easement**

**Exhibit A to Statutory Warranty Deed
RESERVED EASEMENT**

The City, its successors and assigns, hereby reserves an exclusive easement to that certain strip of land fourteen (14) feet in width described as follows:

That portion of Lots 1 through 7, inclusive, Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, Records of King County, Washington, lying westerly of a line parallel with and 30 feet easterly of the Most Easterly lines of Lots 10, 7 and 8, and of said Most Easterly lines produced, all in Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington;

together with that portion, if any, of Government Lot 13 in Section 4, Township 24 North, Range 4 East, W.M., lying southerly of the South margin of South Dearborn Street, northerly of the North margin of South Charles Street, westerly of the West line of said Block 2, Dearborn Street Addition to the City of Seattle, and easterly of the East margin of the alley lying east of said Block 2, Rainier Boulevard Addition to the City of Seattle, as said alley was platted in said plat of Rainier Boulevard Addition to the City of Seattle;

situate in the City of Seattle, County of King, State of Washington.

The owners of the property burdened by this Easement shall be referred to herein as "Servient Owner". The City shall be referred to as the "Dominant Owner," the "City" or "City acting through its Seattle Public Utilities (SPU) department."

This Easement is reserved for the purpose of ingress and egress, patrolling, construction, reconstruction, alteration, operation, maintenance and repair of the City's water utility system located in the alley described below which abuts the above described easement area.

Agreement

This Easement is reserved subject to the following terms and conditions which the Dominant and Servient Owners agree to faithfully observe and perform:

1. **Prevention of Obstruction.** The Servient Owner, its successors and assigns, hereby agree that no buildings, structures, poles, light standards, underground utilities serving the Servient Owner, underground storage tanks, or trees, shall be placed within the easement area. Other improvements or landscaping within the easement area (such as fencing, grass, small shrubs or paving) may be permitted upon review and written approval by the City.



THIS IS DUE TO THE QUALITY OF THE DOCUMENT.

Exhibit VIII
Statutory Warranty Deed with Easement

2. Obligation to Restore. The Dominant Owner shall restore the easement area to a condition as good or better than the condition of the property prior to any disturbance by the Dominant Owner (including the removal of any temporary vehicular access road) when its work is completed. The Dominant Owner's obligation to restore shall apply solely to improvements and landscaping that have been approved by the City in writing. When necessary the Dominant Owner shall install improvements or plantings to protect the surface of the easement area from erosion.
3. Approval of Grading Changes. The Servient Owner agrees to allow the City through its Seattle Public Utilities (SPU) to review and approve any plans to excavate or to change the grade within the easement area. Any grading shall maintain a driveable slope consistent with said abutting alley, without causing erosion or additional surface water drainage to the alley or other property.
4. Timely Review of Plans. SPU will make a good faith effort to review any plans and specifications, as required in Paragraphs 2 and 3 of this Easement, and return to Servient Owner with comments or revisions without undue delay.
5. Maintenance. Said easement area and approved improvements shall be maintained by Servient Owner their successor and assigns.
6. Protection of Pipeline. As part of its water utility system, the City owns and maintains a water transmission pipeline in the 16-foot wide alley lying between Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County Washington and Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, Page 19, Records of King County, Washington. Said alley lying entirely within said Rainier Boulevard Addition to the City of Seattle.

The owners of the property abutting this Alley shall be referred to herein as "Servient Owners".

For the protection of said pipeline the following shall apply:

- a) Approval of Construction Plans. Servient Owners will allow the Seattle Public Utilities (SPU) to review and approve in writing, for protection of the pipeline, any construction plans and activities within 100 feet of the pipeline. This shall include but not be limited to grading, pile driving, auguring, excavation and/or the use of explosives. SPU's approval shall not be unreasonably withheld.
- b) Timely Review of Plans. SPU will make a good faith effort to expedite review and to return its comments/requests for revisions, disapproval, or approval on the plans and specifications. The Servient Owners shall provide additional information and revisions requested by SPU to complete its review.

Exhibit VIII
Statutory Warranty Deed with Easement

- c) Construction Activity. Servient Owner's construction activities shall be conducted in a manner to avoid excessive vibrations of said pipes, destabilization of the ground support for the pipes or otherwise threaten the integrity or operation of the pipeline.
7. Restriction of Vehicular Traffic. Unless otherwise installed or provided by the Servient Owners at Servient Owner's option, the City shall install locking gates, fences, bollards, or other effective barriers at both ends of the easement area to prevent unauthorized vehicle access, except for utility, emergency, police, fire, and other authorized maintenance vehicles. Both the Servient Owner and the City shall be provided with keys to operate all locking barriers.
8. Survival. The rights and obligations of the Servient Owner shall run with the property and shall inure to the benefit of and be binding upon their respective successors and assignees.
9. Indemnification. Each party (the Dominant and Servient Owner) shall, respectively as indemnitor, indemnify and hold harmless the other as indemnitee, its officers, elected officials, agents, employees, from and against any and all claims, actions, suits, proceedings, costs, expenses (including reasonable attorney's fees), or damages arising out of or relating to any act or omission of the other party, its agents, contractors or employees, in connection with the rights exercised under this Agreement, and only to the extent caused by the sole or concurrent negligence of the indemnitor. Such indemnification shall not be effective to the extent that the damage or injury results from the sole negligence or willful misconduct of the other party. In the event that both parties are held to be jointly liable in any final judgment in any suits arising out of their acts or omissions, each party's duty to indemnify the other for liability arising therefrom shall be divided proportionately between the parties according to the relative degrees of their liability. Each party further waives, with respect to the other party only, its immunity under RCW Title 51, Industrial Insurance.
10. Notices. Any notice, request, approval, designation, direction, statement or communication shall be in writing and delivered to the following:
- Seattle Public Utilities,
Real Estate Services
710 2nd Ave., Floor 9A
Seattle, WA 98104
11. Termination. This easement shall terminate when the Dominant Owner gives written notice of its intent to terminate, removes all utility pipelines and appurtenances from the abutting alley and the easement area, and ceases to use the easement area for utility purposes.



Exhibit X
Quit Claim Deed

After recording, return to:
City of Seattle
Seattle Public Utilities
Real Estate Services
710 Second Avenue, 10th floor
Seattle, WA 98104

QUIT CLAIM DEED

Reference number of related documents:

Grantor: HomeSight

Grantee: City of Seattle

Abbreviated Form of Legal Description:

Additional legal description is on page 1 of document.

Assessor's Property Tax Parcel Account Number(s):

The HomeSight ("Grantor"), hereby conveys and quit claims to the City of Seattle, a Washington municipal corporation ("Grantee"), for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration all right, title and interest (including underlying fee simple interest), together with all after acquired title of the grantor herein, in the following real estate located in the City of Seattle, King County, Washington, known as that certain strip of land fourteen (14) feet in width described as follows:

That portion of Lots 1 through 7, inclusive, Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, Records of King County, Washington, lying westerly of a line parallel with and 30 feet easterly of the Most Easterly lines of Lots 10, 7 and 8, and of said Most Easterly lines produced, all in Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington;



Exhibit IX
Quit Claim Deed

together with that portion, if any, of Government Lot 13 in Section 4, Township 24 North, Range 4 East, W.M., lying southerly of the South margin of South Dearborn Street, northerly of the North margin of South Charles Street, westerly of the West line of said Block 2, Dearborn Street Addition to the City of Seattle, and easterly of the East margin of the alley lying east of said Block 2, Rainier Boulevard Addition to the City of Seattle, as said alley was platted in said plat of Rainier Boulevard Addition to the City of Seattle;

situate in the City of Seattle, County of King, State of Washington.

Executed this ____ day of _____, _____, pursuant to Ordinance No. _____
THE CITY OF SEATTLE.

Grantor:: _____
HomeSight

Approved as to form only:
MARK H. SIDRAN, City Attorney

APPROVED AS TO FORM BY
PURCHASER:

By: _____
Assistant City Attorney

Print Name: Diana Gale
Director, Seattle Public Utilities

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this ____ day of _____, _____, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of the HomeSight the non profit corporation that executed the within and foregoing instrument, and acknowledged the 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 s/he was authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year in this instrument above written.

Print Name

Signature _____

NOTARY PUBLIC in and for the State
of Washington, residing at _____
My commission expires _____



Exhibit X
Construction Agreement
Between SPU and Purchaser

Dearborn Hiawatha Development Project
Construction Agreement

HomeSight and the Seattle Public Utilities (City) hereby enter into this agreement governing the construction of the Davis Place project.

1. Approval of Construction Plans. HomeSight will allow the City to review and approve in writing any construction plans and activities within 100 feet of the Cedar River Pipeline No. 3 ("Transmission Pipeline") which is located in the platted alley abutting the property which is the subject of the Purchase and Sale Agreement between the City and HomeSight dated []. SPU's review shall include but not be limited to activities such as grading, pile driving, auguring, excavation and/or the use of explosives.
 - A. HomeSight will provide 3 sets of scalable plans of proposed improvements.
 - B. HomeSight will provide 3 sets of scalable "Plan view" Landscape Plans, that identify plant species and clearly show the location of the Transmission Pipeline, and the margins of the Blocks, Lots, Reserved 2 foot Easement, and the Alley.
 - C. HomeSight will provide As-builts within 120 days of construction completion.
2. Fill and Grading Over Pipeline. HomeSight shall prepare a detailed grading plan that provides for new contours on HomeSight's property which abuts the alley. The plan shall be submitted to the City for review and approval. After approval, the City shall design a compatible grading plan for the Alley and increase the ground cover to two feet over the pipeline where needed. The City shall complete the grading and filling work in the alley in a timely manner, provided that City receives from the abutting owner on the other side of the Transmission Pipeline ("Cohousing") its project and construction schedule in a timely manner to coordinate the scheduling of grade improvements to the alley.
3. Conditions of Use. The City shall allow HomeSight to use the Alley after obtaining a Street Use Permit from the Seattle Department of Transportation, under the following terms and conditions:
 - A. Maximum Weight Prohibition. Any vehicle, equipment or machinery exceeding a weight of 8000 pounds will be prohibited from using the Alley unless such additional protection occurs by using steel plates, wood matting, concrete bridging or other protective methods, reviewed and approved by the City prior to use of the Alley.
 - B. HomeSight's Obligation to Restore. If HomeSight disturbs the surface or subsurface of the alley, HomeSight shall restore the property to a condition as good or better than the condition the property was in prior to such disturbance with the exception of any approved fill.



Exhibit X
Construction Agreement
Between SPU and Purchaser

4. Timely Review of Plans. Seattle Public Utilities (SPU) will make a good faith effort to expedite review and to return its comments/requests for revisions, disapproval, or approval on the plans and specifications. HomeSight shall provide additional information and revisions requested by SPU to complete its review.
5. Construction Activity. HomeSight's construction activities shall be conducted in a manner to avoid excessive vibrations of said pipes, destabilization of the ground support for the pipes or otherwise threaten the integrity or operation of the pipelines.
- A. No construction activity is permitted which would result in ground movement at the pipeline of 0.5 inches/sec. Examples of construction activity which cause ground movement of this magnitude are pile driving or operating a large track-hoe with a pavement breaker very near or over the pipe.
6. Notices.
- A. Any notice, request, approval, designation, direction, statement or communication shall be in writing and delivered to the following:

The City of Seattle
Seattle Public Utilities,
Real Estate Services
710 2nd Ave., Floor 9A
Seattle, WA 98104

HomeSight
Dorothy Lengyel
3405 S. Alaska St.
Seattle, WA 98118

B. The Seattle Public Utilities' 24 hour emergency contact number is (206) 386-1800.

C. For Street Use Permit to work in the Alley, contact Larry Knutson at 206-233-0023.

City of Seattle

HomeSight

by: _____

by: _____

SEATTLE PUBLIC UTILITIES

Dorothy Lengyel,
Executive Director



Exhibit XI
Certificate of Completion

KNOW ALL PERSONS BY THESE PRESENTS: That HomeSight hereinafter called the "Developer" entered into a Purchase and Sale Agreement with the City of Seattle, a municipal corporation, for the purchase of property acquired by the City, on the ____ day of _____, with Part I and Part II recorded in the office of the King County Auditor, State of Washington, under Auditor's File No. _____, which Agreement contains among other things a condition subsequent providing for forfeiture and reversion of title in event of violation of its provisions. Said Purchase and Sale Agreement referred to Conceptual Design, and MUP Design for Improvements, and I hereby certify the provisions, agreement and covenants of the Purchase and Sale Agreement with respect to the obligations of the Developer to construct the Improvements as presented in the MUP Design and Building Permit as evidenced by a Certificate of Occupancy are satisfied and terminated and that said condition subsequent has been fully satisfied and is of no further force and effect by reason thereof.

Dated this ____ day of _____

THE CITY OF SEATTLE
OFFICE OF HOUSING

By _____

Cynthia Parker, Director

Authorized by Ordinance No. _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this ____ day of _____, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand an official seal the day and year in this certificate first above written.

Dated: _____

Print name _____

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

HomeSight
Purchase and Sale Agreement
7-Jul-99

Page 67

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TIME AND DATE STAMP

SPONSORSHIP

THE ATTACHED DOCUMENT IS SPONSORED FOR FILING WITH THE CITY COUNCIL BY
THE MEMBER(S) OF THE CITY COUNCIL WHOSE SIGNATURE(S) ARE SHOWN BELOW:

Paul Steinbock

_____	_____
_____	_____
_____	_____
_____	_____

FOR CITY COUNCIL PRESIDENT USE ONLY

COMMITTEE(S) REFERRED TO:

PRESIDENT'S SIGNATURE

STATE OF WASHINGTON - KING COUNTY

108497

City of Seattle, City Clerk

—SS.

No. ORD IN FULL

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:ORD 119548/FULL

was published on

08/02/99

The amount of the fee charged for the foregoing publication is the sum of \$ _____, which amount has been paid in full.

Subscribed and sworn to before me on

08/02/99

Notary Public for the State of Washington,
residing in Seattle

Affidavit of Publication

City of Seattle

ORDINANCE 118648

AN ORDINANCE relating to the sale of land for housing development in the 190 Redevelopment Project area; authorizing the sale of Dearborn-Hiawatha Parcel 4b to HomeSight; authorizing the Director of Office of Housing to execute, deliver, and administer the contract for sale of land and to execute and deliver a deed; authorizing the City to accept fee interest upon delivery of a quit claim deed and Seattle Public Utilities to assume jurisdiction of a 14 foot wide parcel abutting the alley occupied by the Cedar River Pipeline No. 3; and ratifying and confirming prior acts.

WHEREAS, the City obtained ownership of certain parcels known as the "Dearborn-Hiawatha Properties" from the State of Washington, Seattle Housing Authority, King County, and private owners; and

WHEREAS, the City owns, maintains, and wishes to protect the Cedar River Transmission Pipeline that runs along the platified alleyway ("Alley") from the corner of Hiawatha Place South and South Charles Street to the corner of South Dearborn Street and Davis Place South, to the west of the subject property; and

WHEREAS, the City adopted the 190 Development Policies on January 23, 1989, by Resolution No. 27001, which Policies were amended on December 11, 1985, by resolution 29258; and

WHEREAS, the City's Ordinance No.

117612, passed on April 24, 1988, directed the Department of Neighborhoods, in coordination with the Department of Housing and Human Services and the Office of Economic Development and in consultation with the Jackson Place Community Council, to proceed with the planning for the redevelopment of the combined residential, commercial and industrial parcels known as "Dearborn-Hiawatha" and that City Council would consider a proposed redevelopment plan which may not be consistent with the 190 Area Development Policies; and

WHEREAS, the City desires to promote affordable homeownership and economic development in the Jackson Place Community, consistent with the City of Seattle Comprehensive Plan adopted July 26, 1994 and the 1999-2000 Consolidated Plan adopted September 21, 1998, as amended February 8, 1999; and

WHEREAS, the City Council by Resolution No. 29707 adopted March 2, 1993, approved the issuance of the Request for Developer Qualifications and Preliminary Proposals dated March 16, 1993 (the "RDQ"), which specifies the goals and process for disposition of the Dearborn-Hiawatha Properties; and

WHEREAS, the City has conducted a competitive process through the RDQ; and

WHEREAS, in response to the RDQ, HomeSight, in conjunction with Icon Architecture and Seattle Cohousing, which are not parties to this property sale, submitted a proposal dated July 6, 1998, to acquire Dearborn-Hiawatha Parcel 4b and construct thereon a mix of townhouses and single family homes; and

WHEREAS, the Director of the City's Department of Neighborhoods has determined that the Proposal is complete and responsive to the RDQ; the Proposal has been reviewed and evaluated by the City's Developer Selection Committee; and the Mayor has recommended that the Proposal be accepted; and

WHEREAS, the City Council passed Ordinance 119440 transferring jurisdiction of the Dearborn-Hiawatha property and the authority for the sale of the designated parcels from the Department of Neighborhoods to the Office of Housing;

WHEREAS, the payment for the transfer of the property to HomeSight will be in the amount of the market value, less a discount in exchange for the public benefit provided by HomeSight of financial assistance in the form of a second mortgage offered to six first-time home buyers earning less than or equal to 80% of median income who will purchase townhouses on this property, and such sale proceeds will be transferred to the Program Income Revenue Account in Fund 17810;

WHEREAS, HomeSight wishes to assume no control or interest in the 14 foot wide area immediately abutting the eastern edge of the Alley, and wishes to release and quitclaim to the City any interest it may acquire in that property;

WHEREAS, City is willing to accept the fee interest in the 14 foot parcel east of the Alley which will be transferred to the jurisdiction of Seattle Public Utilities;

NOW THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The sale by the City of Seattle to HomeSight of the parcel of real property (the "Property") legally described as follows:

Lot 1 through 11, inclusive. All in Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 16 of Plats, page 19, in King County, Washington.

Subject to an easement over that certain strip of land fourteen (14) feet in width described as follows:

That portion of Lots 1 through 7, inclusive, Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof in Volume 16 of Plats, page 19, Records of King County, Washington, lying westerly of a line parallel with and 20 feet easterly of the most easterly lines of Lots 10, 7, and 8 and of said Most Easterly lines produced, all in Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington;

together with that portion, if any, of Government Lot 13 in Section 4, Township 24 North, Range 4 East, W. M., lying southerly of the South margin of South Dearborn Street, northerly of the North margin of South Charles Street, westerly of the West line of said Block 2, Dearborn Street Addition to the City of Seattle, and easterly of the East margin of the alley lying east of said Block 2, Rainier Boulevard Addition to the City of Seattle, as said alley was platted in said plat of Rainier Boulevard Addition to the City of Seattle;

situate in the City of Seattle, County of King, State of Washington.

for the purpose of housing development, for the price of One Hundred Thirteen Thousand Five Hundred Dollars (\$113,500.00), as provided in the form of the Purchase and Sale Agreement attached hereto as Attachment A, is hereby authorized.

Section 2. The Director of the Office of Housing ("Director") is hereby authorized to execute, deliver and administer for and on behalf of the City of Seattle a "Purchase and Sale Agreement" ("Contract") with HomeSight for the sale of the Property, in substantially the form attached hereto as Attachment A, with any modifications approved by said Director consistent with the terms of this ordinance. In order to carry out the Contract for and on behalf of the City, the Mayor or Director is authorized to execute a Statutory Warranty Deed for the Property in substantially the form attached hereto as Exhibit VIII to the Contract, and upon satisfaction of the conditions prescribed under the Contract, the Director

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

construct thereon
single family homes; and

WHEREAS, the Director of the City's Department of Neighborhoods has determined that the Proposal is complete and responsive to the RDC, the Proposal has been reviewed and evaluated by the City's Developer Selection Committee; and the Mayor has recommended that the Proposal be accepted; and

WHEREAS, the City Council passed Ordinance 119440 transferring jurisdiction of the Dearborn-Hawatha property and the authority for the sale of the designated parcels from the Department of Neighborhoods to the Office of Housing;

WHEREAS, the payment for the transfer of the property to HomeSight will be in the amount of the market value, less a discount in exchange for the public benefit provided by HomeSight of financial assistance in the form of a second mortgage offered to six first-time home buyers earning less than or equal to 80% of median income who will purchase townhomes on this property, and such sale proceeds will be transferred to the Program Income Revenue Account in Fund 17810;

WHEREAS, HomeSight wishes to assume no control or interest in the 14 foot wide area immediately abutting the eastern edge of the Alley, and wishes to release and quitclaim to the City any interest it may acquire in that property;

WHEREAS, City is willing to accept the fee interest in the 14 foot parcel east of the Alley which will be transferred to the jurisdiction of Seattle Public Utilities;

NOW THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The sale by the City of Seattle to HomeSight of the parcel of real property (the "Property") legally described as follows:

Lots 1 through 11, inclusive, All in Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 15 of Plats, page 19, in King County, Washington.

Subject to an easement over that certain strip of land fourteen (14) feet in width described as follows:

That portion of Lots 1 through 7, inclusive, Block 2, Dearborn Street Addition to the City of Seattle, according to the plat thereof in Volume 15 of Plats, page 19, Records of King County, Washington, lying westerly of a line parallel with and 30 feet easterly of the most easterly line of Lots 10, 7, and 8 and of said Most Easterly lines produced, all in Block 2, Rainier Boulevard Addition to the City of Seattle, according to the plat thereof recorded in Volume 9 of Plats, page 59, Records of King County, Washington;

together with that portion, if any, of Government Lot 13 in Section 4, Township 24 North, Range 4 East, W.M., lying southerly of the South margin of South Dearborn Street, northerly of the North margin of South Clinton Street, westerly of the West line of said Block 2, Dearborn Street Addition to the City of Seattle, and easterly of the East margin of the alley lying east of said Block 2, Rainier Boulevard Addition to the City of Seattle, as said alley was platted in said plat of Rainier Boulevard Addition to the City of Seattle, situated in the City of Seattle, County of King, State of Washington.

for the purpose of housing development, for the price of One Hundred Thirteen Thousand Five Hundred Dollars (\$113,500.00), as provided in the form of the Purchase and Sale Agreement attached hereto as Attachment A, is hereby authorized.

Section 2. The Director of the Office of Housing ("Director") is hereby authorized to execute, deliver and administer for and on behalf of the City of Seattle a "Purchase and Sale Agreement" ("Contract") with HomeSight for the sale of the Property, in substantially the form attached hereto as Attachment A, with any modifications approved by such Director consistent with the terms of this ordinance. In order to carry out the Contract for and on behalf of the City, the Mayor or Director is authorized to execute a Statutory Warranty Deed for the Property in substantially the form attached hereto as Exhibit VIII to the Contract, and upon satisfaction of the conditions precedent under the Contract, the Director is authorized to cause the deed to be delivered to the purchaser.

Section 3. The Director is hereby authorized, for and on behalf of the City, to approve construction plans and changes thereto as being in conformity with the Contract and the Hiawatha Place Request for Developer Qualifications and Proposals, to grant such consents and approvals as she shall deem appropriate to carry out the intent of this ordinance; and to issue appropriate certification when improvements contemplated in the Contract have been completed.

Section 4. Payments made from escrow at closing, from funds deposited by or on behalf of HomeSight, of prorated assessments and other costs payable by the City at closing pursuant to the terms of the Contract, shall be credited toward payment of the purchase price of the Property. Net proceeds from the sale, less costs of closing, final property clean-up, the environmental assessment report, and other incidental expenses associated with the sale of the above-referenced parcel shall be deposited in the Program Income Revenue Account - Fund 17810.

Section 5. The City, upon recording and delivery of the Quitclaim Deed (Exhibit IX to the Contract), is authorized to accept the fee interest in the 14 foot wide parcel immediately east of the Alley described in the Quitclaim Deed, and Seattle Public Utilities is authorized to assume jurisdiction of the 14 foot strip for consideration of sixty eight thousand dollars (\$68,000.00) payable from the Water Fund to the Program Income Revenue Account - Fund 17810.

Section 6. Any act pursuant to the authority and prior to the effective date of this ordinance is hereby ratified and confirmed.

Section 7. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 19th day of July, 1999, and signed by me in open session in authentication of its passage this 19th day of July, 1999.

RUE DONALDSON,
President of the City Council.

Approved by me this 23rd day of July, 1999.
PAUL SCHIELL,
Mayor.

Filed by me this 26th day of July, 1999.
ERNIE DORNFELD,
Acting City Clerk.

Publication ordered by JUDITH PIPPIN,
City Clerk

(See City Clerk's office for Attachments).
Date of official publication in Daily Journal of Commerce, Seattle, August 2, 1999.
87108497

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.