

Ordinance No. 123421

Council Bill No. 116945

AN ORDINANCE relating to the sale of City real property for mixed-use development; authorizing the sale of the site located at 12th Avenue and East Jefferson Street to Capitol Hill Housing Improvement Program or its designee; authorizing the Director of the Office of Housing to execute, deliver, and administer the contract for sale of land, deed and related documents; authorizing other actions related to the use and disposition of the property; and ratifying and confirming prior acts.

CF No. _____

Date Introduced:	<u>Aug. 16, 2010</u>	
Date 1st Referred:	To:	<u>Housing, Human Services, Health, and Culture</u>
<u>August 16, 2010</u>	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage:	Full Council Vote:	
<u>10.4.10</u>	<u>9-0</u>	
Date Presented to Mayor:	Date Approved:	
<u>10.5.10</u>	<u>10.13.10</u>	
Date Returned to City Clerk:	Date Published:	T.O. <input checked="" type="checkbox"/> F.T. <input type="checkbox"/>
<u>10.13.10</u>		
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: *Victoria...*
Councilmember

Committee Action:

pass as amended @u NL, TR 9/17/10 (H)

10.4.10 Passed as Amended @u 9-0

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

Law Department

Law Dept. Review

OMP Review

City Clerk Review

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Indexed

ORDINANCE 123421

1
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3 authorizing the sale of the site located at 12th Avenue and East Jefferson Street to Capitol
4 Hill Housing Improvement Program or its designee; authorizing the Director of the
5 Office of Housing to execute, deliver, and administer the contract for sale of land, deed
6 and related documents; authorizing other actions related to the use and disposition of the
7 property; and ratifying and confirming prior acts.

8
9 WHEREAS, the City issued a competitive Request for Proposals to solicit proposals for
10 redevelopment of land located at 12th Avenue and East Jefferson Street; and

11
12 WHEREAS, in response to the Request for Proposals, Capitol Hill Housing Improvement
13 Program (“CHH”) submitted a proposal dated May 23, 2008, to acquire the 12th Avenue
14 and East Jefferson Street parcel and construct a mixed use project containing rental units;
15 and

16
17 WHEREAS, the Director of the City’s Office of Housing has determined that the CHH proposal
18 is complete and responsive to the Request for Proposals, and recommends that the City
19 Council authorize transfer of ownership of the 12th Avenue and East Jefferson site to
20 CHH or a designee approved by the Housing Director;

21
22 NOW, THEREFORE,

23
24 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

25
26 Section 1. The Director of the Office of Housing (“Director”) is authorized to enter
27 into, enforce and perform an agreement (“Agreement”) with Capitol Hill Housing Improvement
28 Program, a Washington public corporation (“CHH”) or a designee of CHH approved by the
Director (CHH and any approved designee, and any assignee of the Agreement approved by the
Director, are referred to as “Purchaser”), for the transfer of the property, legally described as:

Parcels A and B, City of Seattle Short Plat Number 80-148, as recorded under
Recording Number 8202030663, said short plat being more particularly described as
follows:



1 Lots 13, 14, 15 and 16, Block "C", W.C. Squire's Replat of Block Eight of Squire Park
2 Addition to the City of Seattle, according to the plat thereof recorded in Volume 10 of
3 Plats, Page 18, records of King County, Washington; Except that portion thereof
4 condemned for widening of 12th Avenue; situated in the City of Seattle

5 (the "Property") on the terms and subject to the conditions authorized in this ordinance. The
6 Agreement shall be in the form attached to this ordinance as Attachment 1, with such revisions
7 and additions, not inconsistent with the express terms of this ordinance or applicable law, as the
8 Director may determine are reasonably necessary to carry out the intent of this ordinance. The
9 stated sale price for the Property is \$1,028,000. All except \$15,000 shall be deferred, and may
10 be satisfied by nonfinancial performance, under a non-recourse promissory note ("Note") in
11 accordance with the Agreement. In order to carry out the Agreement for and on behalf of the
12 City, the Director is authorized to execute a deed for the Property in substantially the form
13 attached hereto as an exhibit to Attachment 1, and upon satisfaction of the conditions precedent
14 under the Agreement, except for any that may be waived in writing by the Director, the Director
15 is authorized to cause the deed to be recorded and delivered to the Purchaser. The Director may
16 grant the Purchaser and others permits to enter upon and perform investigations on the Property.
17 The Director is authorized to execute, deliver, accept, record, modify, and administer such other
18 documents, which may include amendments to the Agreement and extensions of deadlines under
19 the Agreement, and take such other actions, as he or she shall deem necessary or advisable to
20 implement the purpose of this ordinance.

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23 Section 2. The Agreement shall require Purchaser to use diligent efforts to pursue
24 design work, financing applications, environmental reports, permit applications and all other
25 steps necessary to construct and permanently finance improvements on the Property as described
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1 in Section 3 of this ordinance. Except as otherwise specified in the Agreement, all such efforts
2 of Purchaser shall be at its own expense and risk. The Agreement shall terminate if the
3 conditions to transfer of the Property by the City are not satisfied or waived in writing by the
4 Director within 18 months of the effective date of this ordinance, except that one extension, not
5 to exceed six months, may be granted by the Director if in his or her judgment an extension
6 furthers the City's objectives. The Director may waive specific conditions to Closing in the
7 Agreement, not including required payments or the execution and recording of closing
8 documents, if in the Director's judgment the Purchaser has demonstrated its ability and
9 willingness to perform substantially as contemplated by this ordinance and the Agreement.
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12 Section 3. The Agreement shall provide that if the transfer is completed, the
13 improvements to be developed on the Property shall include no less than 35 dwelling units, with
14 rents affordable to households with incomes not exceeding 60 percent of median income, as
15 defined in the Agreement. The development, including the process of obtaining necessary
16 regulatory approvals and construction of the housing and of ground floor commercial space in
17 the same building on the Property, is referred to in this ordinance as the "Project".
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20 Section 4. The Agreement shall provide for the transfer of the Property to Purchaser
21 after various conditions are satisfied, including those relating to land use, regulatory processes
22 and financing. If a condition is not satisfied by the date required, the Director may terminate the
23 Agreement. If the Purchaser fails to complete the Project or otherwise defaults after closing of
24 the transfer but before construction is completed, the Director may take action to recover the
25 Property for the City under the terms of the relevant documents, and may accept title for and on
26



1 behalf of the City. If the Agreement terminates for any reason without transfer of the Property,
2 or if the Director recovers the Property, the Director may arrange an alternative disposition of the
3 Property, primarily for development of housing, on such terms and through such process as are
4 then feasible in the judgment of the Director, subject to further approval by ordinance.

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6 Section 5. The Director is authorized to execute and deliver such additional
7 documents, which may include amendments to the Agreement and related covenants, and to take
8 such other actions, as may be necessary or appropriate to implement the intent of this ordinance,
9 and to administer and enforce the Agreement, covenants, and any other such documents. The
10 Director may approve a transfer of the Property to a limited partnership or limited liability
11 company managed by CHH, or the designation by CHH of such an entity as Purchaser, if the
12 Director finds such a transfer or designation is necessary for financing of the Project. In
13 addition, the Director may grant a partial release of the City's covenant and deed of trust from a
14 part of the Property, to be used for nonresidential purposes, that is included in a separate
15 condominium unit from the housing, under condominium documents acceptable to the Director.
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18 Section 6. Payments made from escrow at closing, from funds deposited by or on
19 behalf of the Purchaser, of prorated assessments and other costs payable by the City at closing
20 pursuant to the terms of the Agreement, shall be credited toward payment of the purchase price
21 of the Property. All funds payable from escrow to the City shall be deposited in the Low-income
22 Housing Fund (16400).
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1 Section 7. The sale of the property authorized in Section 1 of this ordinance, and any
2 disposition process commenced by the Director after any termination of the Agreement as
3 authorized in Section 4 of this ordinance, are exempted from compliance with the property
4 disposition policies and procedures previously or hereafter contained in or adopted by resolution,
5 including Resolution 29799 as amended by Resolution 30862.
6

7 Section 8. Nothing in this ordinance is intended or shall be construed to require that
8 the City exercise its authority under its regulatory ordinances to permit the development of the
9 Property as contemplated by this ordinance or the Agreement, nor binds the City to do so. The
10 City Council has not made any determination, and is not expressing any opinion or intent, with
11 respect to any proposed rezone of the Property.
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13 Section 9. Any action taken after the passage of this ordinance and pursuant to the
14 authority herein prior to the effective date of this ordinance is hereby ratified and confirmed.
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17 Section 10. This ordinance shall take effect and be in force 30 days from and after its
18 approval by the Mayor, but if not approved and returned by the Mayor within ten days after
19 presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.
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1 Passed by the City Council the 4ⁿ day of October, 2010, and
2 signed by me in open session in authentication of its passage this
3 4ⁿ day of October, 2010.

4
5 
6 President _____ of the City Council

7
8 Approved by me this 13ⁿ day of October, 2010.

9
10 
11 Michael McGinn, Mayor

12 Filed by me this 13ⁿ day of October, 2010.

13
14 
15 City Clerk

16 (Seal)

17
18 Attachment 1: Purchase and Sale Agreement

- 19 Exhibit A. Map of Property and Legal Description
20 Exhibit B. Form of Promissory Note
21 Exhibit C. Form of Quit Claim Deed
22 Exhibit D. Schematic Design and Summary Description
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PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "Agreement") is made as of _____, _____, by and between the City of Seattle, a municipal corporation of the State of Washington (the "City" or "Seller"), and Capitol Hill Housing Improvement Program, a Washington public corporation (the "Purchaser"), whose address is 1401 10th Avenue, Suite 101, Seattle, Washington. The term "Seller" shall mean The City of Seattle only in its capacity as the Seller under this Agreement.

WHEREAS, the Seller is the owner of the legally described in the attached Exhibit A (the "Property"); and

WHEREAS, the Seller issued a competitive Request for Proposals ("RFP") to solicit proposals for redevelopment of the parcel; and

WHEREAS, in response to the RFP, the Purchaser submitted a proposal dated May 23, 2008 to acquire the parcel and construct housing units; and

WHEREAS, the Director of the City's Office of Housing determined that the Purchaser's proposal was complete and responsive to the Request for Developer Qualifications / Proposals, and recommended that the Mayor and City Council authorize by ordinance an agreement for the transfer of ownership of the City-owned property at 12th and Jefferson to Capitol Hill Housing or a designee approved by the Director; and

WHEREAS, by Ordinance _____ dated _____, 2010, the Seattle City Council authorized the Director of the Office of Housing ("Director") to execute, deliver, and administer a real estate purchase and sale agreement, which is this Agreement;

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

PART I

Section 1. Agreement to Buy and Sell Property.

On the terms and subject to the conditions of this Agreement, the Seller agrees to sell and convey to Purchaser, and Purchaser agrees to buy from the Seller, that certain real property located at 500 12th Avenue in the City of Seattle, commonly known as 12th and Jefferson and legally described on the attached Exhibit A (the "Property"), generally located as shown on the map included in Exhibit A. Such map is attached solely for convenience of reference and does not qualify in any way the description of the Property, nor constitute or evidence any representation or warranty of any kind as to the Property dimensions or boundaries, or any other information shown thereon, it being the intent of



the parties that the Purchaser assume the risk of any discrepancies or inaccuracies in such map.

Section 2. Payment of Purchase Price; Conveyance; Security; Transfer of Property

2.01 Price and Form of Payment.

Purchaser agrees to pay to the Seller the sum of One Million, Twenty Eight Thousand and 00/100 Dollars (\$1,028,000.00) (the "Purchase Price") for the Property. The Purchase Price is payable as follows: Fifteen Thousand and 00/100 Dollars (\$15,000.00) in cash at Closing (defined in Section 7 below); and the balance pursuant to the terms of a non-recourse promissory note ("Note") in the form attached hereto as Exhibit B, which shall be executed by Purchaser and delivered to the Seller at Closing. The Note shall bear interest at a simple rate of 1% per annum.

2.02 Conveyance

A. Upon (i) the payment of the cash required at Closing under this Section 2 and all other amounts required to be paid by Purchaser at Closing hereunder, and (ii) the satisfaction of the conditions set forth in this Agreement, the Seller shall convey the Property, by Quitclaim Deed in the form attached hereto as Exhibit C (the "Deed"), which is hereby approved as to form by Purchaser.

B. The Seller and Purchaser hereby disclose and agree as follows:

1. the sale contemplated herein is voluntary. Purchaser does not have the power to acquire the Property by condemnation or eminent domain.
2. Purchaser estimates the fair market value of the Property to the Purchase Price.

2.03 Security for Note

A. The Note shall be secured by a deed of trust, assignment of rents, security agreement and fixture filing in favor of the Seller, in form and content acceptable to Seller and Purchaser, which shall be delivered at Closing and shall initially be a first lien on the Property (the "Deed of Trust").

B. Seller shall subordinate the lien of its Deed of Trust to the liens and covenants reasonably required for the Purchaser's financing of the development of the Property as contemplated in this Agreement (the "Project") with the sole exception of liens in favor of Purchaser or its affiliates. Any obligation of the Seller to subordinate its Deed of Trust to another lien is conditioned upon the delivery to Seller, at least 30 days in advance of the date when Purchaser desires a subordination agreement to be delivered, of the proposed form of subordination agreement and all documents related to the liens or encumbrances to which subordination is requested, as well as documents demonstrating



to the satisfaction of the Seller that the conditions to subordination are satisfied or will be satisfied as of the date of deliver and recording of the subordination agreement. In addition, any subordination may be conditioned upon such changes to the form of subordination agreement as the Seller may require, and the issuance to the Seller of one or more endorsements to the Seller's title insurance policy, as the Seller may require. The Seller agrees to subordinate any reversionary interests under this Agreement, the Deed and the Deed of Trust as required for financing the development.

2.04 Transfer to Subsequent Owner

The parties acknowledge that to complete the financing for the Project, the Purchaser intends to convey the Property to a limited liability company, limited partnership or limited liability limited partnership controlled by the Purchaser ("Company"). If

1. the Purchaser is otherwise in full compliance with the terms of this Agreement; and
2. the Seller receives such title insurance or endorsements thereto as the Seller may require,

then the Seller shall permit the conveyance of the Property to the Company, provided that the Company assumes all obligations of the Purchaser hereunder and subject to the prior satisfaction of any of the conditions of Part I, section 5 below that the Seller shall have waived as conditions to Closing.

Section 3. Low-Income Housing

3.01 Purpose of Sale; Purchaser to Make Diligent Efforts

Seller is selling the Property to Purchaser to enable the Purchaser promptly to construct a building and related improvements on the Property, consistent with this Agreement, according to the plans to be approved by the Seller. The improvements on the Property are to be used primarily as housing for low-income households. Purchaser shall make diligent efforts to pursue design work, financing applications, environmental reports, permit applications and all other steps necessary to construct and permanently finance improvements on the Property as described in this Agreement.

3.02 Units for Low-Income Households

A. As a condition of Seller's obligations at Closing, the Purchaser shall execute, acknowledge and deliver for recording a Low-Income Housing Covenant ("Covenant"), to be mutually agreed upon by Seller and Purchaser, committing to use of the Property to include no less than 35 units of housing to be rented to low-income households, with rents affordable to such households, for a minimum of 50 years, subject to the exception described in subsection B in this Section below.



B. After an initial period of approximately fifteen (15) years from the date the Project receives its certificate of occupancy, Purchaser shall have the option of converting some or all the rental units into condominium units that can be sold individually, provided the conversion of rental units is approved by Seller and is in compliance with all applicable laws and regulations. The units sold shall be sold to, and affordable to, Eligible Buyers based on a calculation acceptable to Seller. The units shall remain affordable to low-income households for a period of time acceptable to Seller, but not less than 35 years. Units sold shall be subject to deed restrictions, financing terms or other re-sale conditions, acceptable to Seller.

C. Any units that are not sold in accordance with subsection B of this Section shall remain subject to the rental restrictions in the Covenant.

D. For purposes of this Agreement:

1. A "low-income household" is a household with annual income, at the time of initial occupancy of a housing unit, at or below 60% of the Median Income.
2. An "Eligible Buyer" is a buyer of a dwelling unit in the Property whose household annual income at the time of the buyer's purchase thereof shall be 80% or less of Median Income and who intends to occupy the unit as the household's primary residence.
3. "Median Income" means annual median family income, as published from time to time by HUD, for the Seattle-Bellevue HMFA, or for the Seattle-Tacoma-Bellevue Metropolitan Statistical Area, whichever is then generally used by HUD to establish income limits for federal programs in Seattle, or such other area including Seattle as HUD may use from time to time for the purpose of publishing median income, and as adjusted for household size according to the method used by HUD for income limits in subsidized housing. If, at any time, Median Income for a household size cannot be determined under the foregoing sentence based on data published by HUD for the Seattle area within the most recent thirteen months, then the City may determine "Median Income" for such household size based on any data for the Seattle area or an area including Seattle, published or reported by a federal, state, or local agency, as the City shall select in its sole discretion, adjusted for household size in such manner as the City shall determine in its sole discretion.
4. A rental unit is considered "affordable" if the cost of rent and utilities does not exceed 30% of household income. A unit sold for owner occupancy is considered "affordable" if the cost of mortgage principal and interest, property taxes, insurance and homeowner association dues and/or assessments does not exceed 35% of household income.



5. "HUD" means the United States Department of Housing and Urban Development and any other department or agency that shall succeed to its function with respect to low-income rental housing.

Section 4. Title Insurance

4.01. The Seller shall at its expense provide Purchaser with an ALTA Standard Coverage Owner's policy of title insurance, issued by Pacific Northwest Title Insurance Company, Inc. or another title insurance company reasonably acceptable to Purchaser ("Title Company") in the amount of the Purchase Price of the Property, insuring Purchaser as the sole fee title holder of the Property, subject to the Permitted Exceptions as defined below in this Section, the terms of the Deed, the Covenant, and the Deed of Trust.

4.02. Purchaser has reviewed a preliminary title commitment (the "Title Commitment") from Pacific Northwest Title Company of Washington, Inc, Order no. 688147, dated January 5, 2009, along with all documents referenced in the Title Commitment. Any claims, liens, encumbrances and defects shown thereon are hereby approved and accepted by Purchaser, except for exceptions 5 and 6 regarding property tax exceptions. The items so approved are the "Permitted Exceptions." Prior to the date of Closing, the Seller shall not further encumber the Property, or permit additional encumbrances to attach to the Property, without the express written consent of Purchaser. If title to the Property is not insurable under a standard owner's policy on the date fixed for Closing free and clear of all liens, except for the Permitted Exceptions and any that may be created or suffered by Purchaser, then unless the Purchaser elects to accept the liens or the parties, by mutual written agreement, extend the date for Closing to allow the Seller or the Purchaser to remove such liens, this Agreement shall immediately terminate, in which case the Seller shall return the Earnest Money to Purchaser, and neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement (except pursuant to indemnity provisions, which survive termination of this Agreement).

4.03. 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 Seller and the increased premium due from any increase in coverage.

Section 5. Conditions Precedent

5.01. The following are conditions precedent to the Seller's obligation to convey the Property:

A. Purchaser shall have obtained approval from the Director for any changes to the Schematic Design and Summary Description, and the Construction Documents consistent with the Schematic Design and Summary Description shall have been



submitted to the Director, as provided in Sections 302 and 303 of Part II of this Agreement.

B. Purchaser shall have obtained a Master Use Permit (“MUP”) for the development of the Property consistent with this Agreement and the Schematic Design and Summary Description, and at a minimum the grading permit required to commence construction for the Project, shall have been issued by the City’s Department of Planning and Development (“DPD”), or DPD shall have given notice that such permit is ready to issue. The parties acknowledge that the issuance of a MUP for the Project depends upon a decision by the Seattle City Council to rezone the Property as requested by Purchaser, and that nothing in this Agreement constitutes any assurance or commitment as to any rezoning decision.

C. Purchaser shall have provided evidence satisfactory to the Director that Purchaser has commitments for the necessary financing to fund the construction of the Project as provided in Section 306.

D. Purchaser shall have delivered to the Director a detailed financing plan, containing a development budget, noting sources and uses of funds, construction financing commitments and construction schedule, projected rental prices for all units, all in form and content acceptable to the Seller.

E. Purchaser shall have deposited with Pacific Northwest Title Company of Washington, Inc. or another escrow agent mutually agreed to in writing by the parties (the “Escrow Agent”) for delivery to the Seller, the sum of money required to pay the cash portion of the Purchase Price as stated under Section 2 of this Agreement and all other amounts payable by Purchaser hereunder in cash or cashier’s check or by wire transfer.

F. All necessary review under the State Environmental Policy Act and regulations thereunder (“SEPA”) for the actions necessary for the Project shall have been completed and the lead agency shall have finally determined that there are no probably significant adverse environmental impacts, or the Purchaser shall have agreed to such conditions as the City deems adequate, in its discretion, to mitigate any such impacts.

G. Purchaser’s representations contained herein shall be true as of the Closing.

H. Purchaser shall have executed and delivered the Covenant, Note and Deed of Trust, the Deed, a properly completed and signed real estate excise tax affidavit, and if applicable under Part II, Subsection 2.01.C of Part II, an environmental covenant acceptable to the Department of Ecology.

I. Purchaser shall otherwise be in compliance with all of the terms hereof.



5.02. The conditions in Section 5.01 are solely for the benefit of the Seller and may be waived at the Seller's sole option, but no waiver shall be valid unless signed by an authorized officer of the Seller. Unless all of the conditions to the Seller's obligation are satisfied or waived in writing on or before the date set forth in Section 7.02 of Part I below, as it may be extended under that Section, the Seller shall have no obligation to convey the Property.

5.03. The following are conditions precedent to Purchaser's obligation to purchase the Property:

A. The Seller shall have deposited with the Escrow Agent the Deed and a properly completed and signed real estate excise tax affidavit.

B. The Seller shall have conducted all applicable environmental reviews to satisfy HUD requirements and either a Finding of No Significant Impact shall have been issued and approved by HUD, or a Final Environmental Impact Statement shall have been issued and the Seller shall have determined to proceed with this Agreement after evaluation of the environmental impacts.

C. Purchaser shall have been granted its request for a re-zone of the Property consistent with Purchaser's application for a rezone submitted to DPD.

D. Title to the Property shall be insurable under a standard owner's policy free and clear of all liens except for the Permitted Exceptions and any others created or approved by Purchaser.

E. The Seller's representations contained herein relating to the Property shall be true as of Closing.

F. The Seller shall otherwise be in compliance with all of the terms hereof.

G. Seller shall have completed the Environmental Work in compliance with all applicable federal, state and local laws, and the Property will meet the applicable "cleanup standards" for residential use of the Property, as that term is defined in the Washington Administrative Code interpreting the Washington State Model Toxics Act, WAC173-340-200.

H. Purchaser shall have received the Completion Report from the Consultant pursuant to Section 2.01.C of Part II of this Agreement, and shall have stated in writing that it is satisfactory to Purchaser, or more than 30 days shall have passed from Purchaser's receipt of the Completion Report and Purchaser shall not have given notice of termination of this Agreement.

I. The term "Environmental Work" in this Agreement shall mean the remedial action work that is required to be completed by the August 20, 2010 Cleanup



Agreement between TOC Holdings, Inc. and the City of Seattle, referenced in Section 201.C below.

J. The term "Completion Report" in this Agreement shall mean the Remedial Action Report and Request for NFA that is to be submitted to the Department of Ecology as required by Paragraph 2(e) of the August 20, 2010 Cleanup Agreement between TOC Holdings, Inc. and the City of Seattle, and that is referenced in Section 201.C below.

Section 6. Earnest Money

6.01 Deposit, Interest.

Immediately upon execution of this Agreement, Purchaser shall deposit with the Escrow Agent the amount of Five Thousand and 00/100 Dollars (\$5,000.00). This deposit and any interest accruing thereon shall be hereinafter referred to as the "Earnest Money". The Earnest Money shall be held by the Escrow Agent until such time as the Purchaser becomes entitled to return of such Earnest Money under the terms hereof, or until the Seller becomes entitled to retain such Earnest Money under the provisions of this Agreement. Earnest Money shall be credited to the Purchase Price at Closing.

Section 7. Closing; Effect of Failure to Close

7.01 Definition.

"Closing" shall mean the execution, delivery and recording (as appropriate) of all documents and payment of all funds into escrow as provided herein.

7.02 Date of Closing.

Subject to the conditions on the parties' obligations set forth herein, Closing shall take place on such date as the Purchaser shall specify in a written notice to the Seller ("Closing Notice"), which written notice (i) shall be delivered to the Seller at least ten (10) days in advance of the date for Closing specified in such written notice (the "Closing Date"), (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, and (iii) must provide for a Closing Date no later than June 30, 2011, except as provided below in this Section 7.02. Purchaser may request, on or before _____, a six (6) months closing extension, which shall be approved by the Seller provided that the Purchaser has demonstrated a good faith effort in proceeding toward Closing in a timely manner, and may request other extensions, which may be approved at the sole discretion of the Director. If Closing does not occur by the date stated above, as it may be extended, then this Agreement shall terminate automatically without notice.

7.03 Obligations Prior to Closing.



At least five (5) days in advance of the Closing Date the Purchaser shall deliver to the Seller an original of the Deed, in the form attached as Exhibit C but with exhibit designations removed, signed by the Purchaser to evidence Purchaser's approval of the form thereof and Purchaser's agreement to the covenants therein. At least two (2) days in advance of the Closing Date, the Seller and Purchaser shall each deliver to the Escrow Agent for deposit into escrow all of the documents required by this Agreement as conditions to Closing, bearing all the original signatures called for therein, together with reasonable escrow instructions.

7.04 Recording.

At Closing, the Escrow Agent shall be instructed to record the Deed, the Covenant, and the Deed of Trust. Recording of the deed shall constitute delivery to Purchaser.

7.05 Fees and Costs.

The escrow fee charged in connection with this Closing shall be paid by the Purchaser. Any taxes, assessments or public charges that are payable with respect to the Property during the Seller's ownership thereof shall be prorated and paid by the Seller as of Closing. Purchaser shall pay the cost of recording the Deed, the Deed of Trust, the Covenant, and any documents required by Purchaser's financing.

7.06 Failure to Close.

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 Section 7.02 above, as it may be extended, for reasons other than those set forth in Sections 702 or 703, then the Earnest Money shall be returned to Purchaser, and the Purchaser shall pay directly to the escrow agent one half of any escrow fees and title insurance cancellation charges and the Seller shall pay one-half from the Seller's own funds. In that case neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement (except pursuant to indemnity provisions, which survive termination of this Agreement).

Part II

SUBPART 100 - COMPLIANCE WITH DESIGN AND SUMMARY DESCRIPTION

Section 101. Compliance with Schematic Design and Summary Description; Improvements; Modifications



Purchaser shall develop the Property substantially as described in Exhibit D, "Schematic Design and Summary Description", as the same may be modified with the written consent of the Seller, and in compliance with all applicable state and local laws and regulations. The parties acknowledge that the Schematic Design and Summary Description represents the Purchaser's present preferred plan for the Property, that it has been consented to by the Seller for purposes of this Agreement, but that it is subject to revisions resulting from applicable reviews and processes, including City Design Review and environmental reviews, and that no Seller consent to, or approval of, the Schematic Design and Summary Description is final or effective prior to completion of required environmental review. Without limiting the foregoing, if after review under the State Environmental Policy Act or any other applicable environmental laws or ordinances, the Director or any other City official requires modifications to the Project in order to reduce or mitigate potential adverse impacts, the Purchaser shall promptly submit any necessary corresponding modifications to the Schematic Design and Summary Description, unless the Purchaser elects to terminate this Agreement within 15 business days after notice of the required modifications. However, the Seller shall not be required to consent to any modified Schematic Design and Summary Description that does not preserve, in all material respects, the elements described in Exhibit D, including without limitation the amount and proportion of space devoted to residential use.

SUBPART 200 – ACCEPTANCE, CONDITION AND POSSESSION OF PROPERTY

Section 201. Acceptance AS IS Subject to Exceptions

A. Purchaser has inspected the Property and has had the opportunity to obtain inspections and reports of professionals, and specifically, the Purchaser has been provided the following, referred to collectively as the "Reports": (i) Phase I Environmental Site Assessment-12th and Jefferson Property, Seattle, WA, January 27, 2009, by Camp Dresser & McKee Inc. (CDM); (ii) Phase II Environmental Site Assessment-12th & Jefferson Property, Seattle, WA, October 5, 2009 by CDM; (iii) Planning Level Remediation Cost Estimate, 12th & Jefferson Property, October 20, 2009, by CDM; (iv) Addendum to January 27, 2009 Phase I Environmental Site Assessment, December 10, 2009 by CDM; and (v) Summary of Investigative Findings, Former TOC Holdings Co. Facility No. 01-829, 1200 East Jefferson Street, April 28, 2010, by Sound Environmental Strategies, and Purchaser expressly acknowledges the presence of Hazardous Substances in the soil and groundwater on and adjacent to the Property as described in the Reports. Except as specifically set forth in Part II, Subsection 2.01.C of this Agreement, Purchaser agrees to accept the Property AS IS, WITH ALL DEFECTS, and ASSUMES THE RISK of any defects in the condition of the Property and of all the matters set forth in this Section. The City makes NO WARRANTIES OR REPRESENTATIONS OF ANY KIND except as may be set forth specifically in Part II, Subsection 2.01.C of this Agreement. Purchaser agrees that any express or implied representations or warranties made by or on behalf of the Seller prior to this Agreement are hereby revoked and canceled and shall have no force or effect.



B. Without limiting the generality of subsection A of this Section, Purchaser agrees that, except as may be specifically set forth in Part II, Subsection 2.01.C of this Agreement, neither Seller nor any person for whom Seller may have any responsibility makes any representation, warranty or promise of any kind with regard to any of the following: (1) the physical condition of the Property (land, buildings, fixtures, or infrastructure), whether or not readily determined by inspection and whether or not information related to such condition is in the possession of the Seller; (2) the presence or absence of any underground tanks or any hazardous or defective substances or conditions on or about the Property, or on adjacent properties; (3) the history of the Property or activities that may have occurred or been conducted thereon or thereunder; (4) soils conditions or drainage; (5) square footage of land or buildings; (6) encroachments; or (7) location or condition of utility lines.

C. The Seller has entered into an agreement ("Cleanup Agreement") dated August 20, 2010 with TOC Holdings Co. ("TOC"), a prior owner of the Property, under which TOC agrees to conduct or cause to be conducted a remedial action on the Property to address the presence of the Hazardous Substances on the Property as identified and described in the Reports, with a scope intended by Seller to meet the applicable cleanup standards for residential uses determined by the Washington State Department of Ecology ("Ecology") under Chapter 173-340 Washington Administrative Code. The Purchaser has reviewed the Cleanup Agreement and a remedial action plan ("Plan") prepared by a consultant retained by TOC ("Consultant"). Purchaser has authorized the Consultant to submit on Purchaser's behalf an application to DOE for participation in its Voluntary Cleanup Program with respect to the Property, and has submitted the Plan to DOE for that purpose. Purchaser has not agreed and does not agree to implement any part of the Plan, nor does Purchaser agree to pay for any costs to implement the Plan or any fees or costs of the Consultant. As between Seller and Purchaser, all costs of the Plan and of the Consultant are the obligation of Seller. Purchaser has authorized the Consultant to communicate directly with DOE, on behalf of Purchaser as proponent of the Plan, including the submission of a request, after completion of the remedial action, for a letter from DOE stating that that no further remedial action is necessary on the Property ("NFA determination"). Purchaser acknowledges, however, that DOE may decline to issue a NFA Determination for the Property, and may require institutional controls and/or deed restrictions on the Property. Purchaser shall have the right to review and approve of any such controls or restrictions prior to Seller agreeing to the same or recording the same in the real property records. In consideration of the foregoing Seller obligations, Purchaser assigns to the Seller any and all claims, causes of action and/or rights of recovery that it may have or may acquire after purchase of the Property to recover remedial action costs related to the remediation of the Hazardous Substances identified in the Reports from any person(s) other than the Seller, as such costs are defined under the Washington State Model Toxics Control Act, ch. 70.105D RCW (MTCA) as amended, or the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq. (CERCLA) as amended, or any other federal or state Environmental Law. In consideration of such assignment of claims, causes of action and/or rights of recovery, the Seller shall complete the Seller's Environmental Work December 31, 2010 and shall request and make best good faith efforts to secure



from Ecology an NFA Determination no later than May 31, 2011, time being of the essence. Seller shall indemnify, defend and hold Purchaser harmless from 1) Seller's failure to complete the Seller's Environmental Work in a manner consistent with all Environmental Laws; 2) the presence of any Hazardous Substances identified in the Reports on or under any property other than the Property to the extent those Hazardous Substances originated from or migrated from the Property; and 3) any re-contamination of the Property from the Hazardous Materials identified in the Reports that have migrated or will migrate off the site and are not remediated as part of the Seller's Environmental Work. Seller acknowledges that Purchaser is relying on Seller's completion of the Seller's Environmental Work prior to December 31, 2010 and its best good faith efforts to request and obtain the NFA Determination prior to May 31, 2011, that Purchaser will incur substantial development costs in reliance upon such promise, and that Seller's failure to complete the Seller's Environmental Work by such date shall be a breach of Seller's obligations hereunder and give rise to Purchaser's rights described in section 702.

1. Seller and Purchaser each shall promptly disclose to the other all communications between such party and DOE regarding the Property, and promptly provide the other party with copies of any written communications to or from DOE regarding the Property. Neither Purchaser nor Seller shall make or authorize any commitment to DOE with respect to the Property without the express written consent of the other party.

2. If Purchaser is not satisfied with the Completion Report, then Purchaser shall have the right, by written notice to the Seller within thirty (30) days after receipt of the Completion Report, to terminate this Agreement and receive a refund of all Earnest Money as well as other damages, limited to reasonable out-of-pocket costs as described in Section 702. If Purchaser states in writing that the Completion Report is satisfactory to Purchaser, or if Purchaser does not give timely notice of termination under this subsection 2.01.C(2), then as between Seller and Purchaser all obligations of the Seller with respect to remediation shall be conclusively deemed satisfied.

D. Nothing herein is intended to waive or impair any right or remedy that Purchaser or Seller may have against any third party related to any Hazardous Substances on or under the Property.

E. The term "Hazardous Substances" in this Agreement shall mean any and all hazardous, toxic, infectious or radioactive substances, wastes or materials as defined or listed by any Environmental Law, and shall specifically include petroleum oil and its fractions.

F. The term "Environmental Law" in this Agreement shall mean any local, state or federal law or regulation, ordinance or order pertaining to the protection of human health and/or the environment, as now in effect or hereafter amended, including,



but not limited to: the Federal Clean Air Act; the Federal Clean Water Act; the Federal Safe Drinking Water Act; the Federal Comprehensive Environmental Response Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986; the Federal Resource Conservation and Recovery Act, as amended by the Solid and Hazardous Waste Amendments of 1984; the Federal Occupational Safety and Health Act; the Federal Emergency Planning and Right-to-Know Act of 1986; the Federal Hazardous Materials Transportation Control Act of 1980; the Federal Waste Management Recovery and Recycling Act; the Federal Toxic Substances Control Act; the Washington Hazardous Waste Management Act; Washington Model Toxics Control Act; the Washington Water Pollution Control Act; the Washington Underground Petroleum Storage Tanks Act; the Washington Industrial Safety and Health Act; the Washington Worker and Community Right to Know Act; the Washington Oil and Hazardous Substance Spill Prevention and Response Act; and any regulations promulgated there under from time to time.

G. Except as otherwise expressly provided herein, Purchaser hereby irrevocably releases and waives any and all claims that Purchaser has or may have against City and its officers, employees and agents with respect to the condition of the Property or arising pursuant to CERCLA, as amended, or MTCA, or any other environmental law. The provisions of this Section 2.01 shall not be construed to limit in any way the scope of the release, covenants and indemnity obligations to be granted and assumed by the Purchaser under the Deed. Seller by the initials below acknowledge that this Section 2.01 has been specifically bargained for and that Seller would not be willing to sell the Property on the terms and conditions set forth in the rest of this Agreement without Purchaser's agreement to this Section.

Purchaser: _____ Seller: _____

2.02 Changes in Condition

A. 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, except the environmental conditions set forth in the Reports referenced in Part II, Subsection 2.01.A.

B. If prior to Closing Seller becomes aware of any material adverse change in the physical condition of the Property or any portion thereof after the date of this Agreement, other than substantially as contemplated by the remediation Plan described in Section 2.01, or if Seller shall become aware of any Hazardous Substances on the Property not previously disclosed in the Reports (a "Seller-Discovered Changed Condition"), Seller shall notify Purchaser within ten (10) days of becoming aware of such Seller-Discovered Changed Condition, and in any event prior to Closing.

C. If prior to Closing Purchaser becomes aware of any change in the physical condition of the Property or any portion thereof after the date of this Agreement, other than from the remediation described in Section 2.01 above, or if Purchaser shall become



aware of material Hazardous Substances on the Property not previously disclosed in the Reports, in each case that would materially impair the feasibility of the Project or would substantially increase the costs of the Project (a "Purchaser-Discovered Changed Condition"), Purchaser shall within ten (10) days of becoming aware of such Purchaser-Discovered Changed Condition, and in any event prior to Closing.

D. The term "Changed Condition" shall refer to either a Purchaser-Discovered Changed Condition or a Seller-Discovered Changed Condition or both.

1. If the Changed Condition is caused by Purchaser or its agents, employees or contractors, Purchaser shall have the option to either restore the Property to its prior condition, complete its purchase of the Property hereunder, or both.

2. If the Changed Condition is caused by the Seller or its agents, employees or contractors, the Seller 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 Seller's restoration of the Property, or (ii) terminate this Agreement by written notice to Purchaser and return the Earnest Money as well as other damages as may be described in section 702.

3. If neither Purchaser nor the Seller is responsible for the Changed Condition, then (i) if, within fifteen (15) days after the Seller sends or receives written notice of the Changed Condition, the Seller gives written notice to Purchaser that the Seller elects to remedy the Changed Condition, then this Agreement shall remain in effect and the Seller shall remedy the Changed Condition prior to Closing, or (ii) if the Seller does not give written notice of such election within said fifteen (15) days, then Purchaser shall have the option, by written notice to the Seller no later than fifteen (15) days after sending or receiving notice of the Changed Condition, either (A) to terminate this Agreement, in which case the Seller shall return the Earnest Money and neither party shall have any further obligation or liability to the other under this agreement (except pursuant to indemnity provisions, which survive termination of this Agreement), or (B) to assume the risk of the Changed Condition and complete the purchase of the Property.

E. Together with any notice required under this Section 2.02, each party shall, to the extent they have not already done so, provide the other party with a copy of any reports or findings in its possession or control 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



As between Seller and Purchaser, Purchaser's right to possession of the Property (subject to any rights of the Seller reserved in the Deed) shall be effective upon recording of the Deed.

Section 204. Licenses for Entry

A. At any time and from time to time prior to Closing and prior to any termination of this Agreement, the Purchaser may request access for Purchaser's employees, agents and contractors to the Property, for the purpose of conducting therein and thereon such inspections and studies as Purchaser may reasonably deem necessary or appropriate with respect to evaluating its condition and designing the Project. Purchaser shall make any such request in writing at least 5 days prior to the first date when it desires such access and shall state the specific purposes for entry on the Property, the names of any agents or contractors involved, and the nature of any tests or other activities intended. The Seller will not unreasonably withhold or delay consent to such entry for purposes within the scope of this Section, provided that entry will not interfere with the remediation described in Section 2.01 of Part II, above or with the terms of the Cleanup Agreement, and provided that Purchaser, and its agents or contractors if applicable, agree in writing to terms and conditions, including indemnity and release provisions, in a form of permit for entry ("Permit") acceptable to Seller.

B. The covenants, releases and indemnities of Purchaser and any such other person in any Permit(s), whether granted before or after execution of this Agreement, shall be in addition to, and not in substitution for, the covenants, waivers and indemnities hereunder, are not superseded by this Agreement, and shall survive the Closing or termination of this Agreement.

Section 205. Indemnification Regarding Entry.

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 the Property, and including but not limited to Purchaser's release of any Hazardous Substances thereon, but only to the extent such liability does not arise from the negligent or wrongful actions of the City.

The term "Hazardous Substances" for purposes of this Section 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.

SUBPART 300 - PLANS, APPROVALS, FINANCING AND CONSTRUCTION

Section 301. Community Meetings on Design



If so requested by the Director, Purchaser agrees to periodically provide progress reports to the community and attend at least one community meeting, in addition to any meetings required by the MUP/Design Review process, 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 Project.

Section 302. Construction Documents

A. Purchaser shall prepare plans and specifications with respect to the construction of the Project (the "Construction Documents") substantially consistent with the approved Schematic Design and Summary Description all applicable state and local laws and regulations. The Construction Documents shall be sufficiently complete and detailed to satisfy requirements pertinent to application for a building permit to DPD and to demonstrate to the Director that the Project will be in accordance with the previously approved Schematic Design and Summary Description.

B. Purchaser shall submit one set of the Construction Documents, together with a construction or progress schedule, to the Director at the same time as Purchaser submits the Construction Documents to DPD for the purpose of obtaining a building permit.

Section 303. Changes in Design or Construction Documents

A. The Director shall review the Construction Documents solely for the purpose of determining whether they substantially conform to the Schematic Design and Summary Description. The Director shall have ten (10) business days after receipt of the Construction Documents to notify the Purchaser in writing of any objections to the design as shown in the Construction Documents. Such written notice shall contain a statement of the specific reasons for such objection. Purchaser may within thirty (30) days after receiving Director's written notice of objection, submit a revision of the proposed changes, which shall be subject to the timely review described in Section 305 of this Agreement, unless the revisions are manifestly inconsistent in material respects with the approved Design or Summary Description. If in the Director's judgment 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 in writing.

B. 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 and the Seller may terminate this Agreement by written notice to Purchaser and the Escrow Agent, in which case the Earnest Money shall be returned to the Purchaser. Neither party shall have any further liability or obligation, of any kind whatsoever, to the



other under this Agreement (except pursuant to indemnity provisions, which survive termination of this Agreement).

Section 304. Permits

A. As a condition precedent to the Seller's obligation to sell the Property to the Purchaser, a Master Use Permit for the development of the Property consistent with the Schematic Design and Summary Description (as the same may have been modified with the consent of the Seller hereunder) must have been issued by the Department of Planning and Development (DPD), or DPD must have given notice that such permits are ready to issue.

B. The Seller acknowledges that the development of the Project 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 Project prior to Purchaser obtaining fee title to the Property. The term "Permits" shall include without limitation zoning changes, use permits; building permits; short plats and lot boundary adjustments and other similar authorizations and approvals; grading permits; shoring permits; permits for work in public rights-of-way; and utility permits.

C. 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. Purchaser assumes the risk of inability to obtain any such approvals, consents, or permits, for any reason. No consent, approval or requirement contained in or made by the Director of Housing or her designees pursuant to this Agreement shall constitute the approval, consent, or Permit required for any regulatory or other City purpose, nor require the City to grant any such approval, consent, or Permit. No regulatory requirement, condition or recommendation related to any Permit shall constitute approval for any change in the Schematic Design and Summary Description or for any Construction Plans or changes therein, nor obligate the Director of Housing to grant any such approval. The Director will not unreasonably withhold approval of changes to the Schematic Design and Summary Description necessitated by the MUP/Design Review process.

Section 305. Timely Review of Changes in Design or Plans

If, with respect to any transmittal or submission of any changes to the Schematic Design and Summary Description or Construction Documents, the Director does not give Purchaser written notice of her objection thereto and reasons therefore within ten (10) business days of receiving such documents, then if the first page of the transmittal conspicuously stated the effect of this Section with express reference hereto, the documents as transmitted to the Director shall be deemed approved.



Section 306. Financing Commitment

A. Purchaser represents that Purchaser will use its best efforts to obtain financing commitments ("Financing Commitments") from one or more lending entities (individually and collectively, the "Lender(s)") to finance the construction of the Project.

B. As a condition precedent to the Seller's obligations hereunder, Purchaser shall provide to the Office of Housing copies of Financing Commitments from the Lender(s), that demonstrate to the satisfaction of the Director that Purchaser will obtain all financing necessary to complete the Project in accordance with this Agreement, the Schematic Design and Summary Description and the Construction Documents, and that no term of any Financing Commitment is in material conflict with the terms of this Agreement, the Schematic Design and Summary Description or the Construction Documents.

Section 3.07 Completion of Improvements.

Purchaser shall develop the Property with improvements substantially consistent with the Schematic Design and Summary Description, as it may be modified in accordance with this Agreement, and in compliance with all applicable state and local laws and regulations.

PART III – GENERAL

SUBPART 400 - REGULATORY CONDITIONS

Section 401. Non-Discrimination; Fair Contracting Practices

A. 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.

B. Purchaser shall comply with the Fair Contracting Practices Ordinance of the City of Seattle, SMC Ch. 14.10, as amended. Conduct made unlawful by that ordinance constitutes a breach of contract. Engaging in an unfair contracting practice may also result in the imposition of a civil fine or forfeiture under the Seattle Criminal Code as well as various civil remedies.



**SUBPART 500 – PURPOSE OF PURCHASE; PROHIBITIONS AGAINST
ASSIGNMENT AND TRANSFER**

Section 501. Improvements

Purchaser represents and agrees that the purchase of the Property is for the purpose of constructing the Project, consistent with the Schematic Design and Summary Description, and not for speculation in land holding.

Section 502. Transfer of Property and Assignment of Agreement

A. Prior to Closing, Purchaser shall not transfer this Agreement or any interest herein without the express written consent of the Director, and the Seller shall not be required to recognize any rights of any assignee to which it has not given express written consent. The Director shall consent to assignment to an entity affiliated with and controlled by Purchaser if the Director finds such an assignment is necessary for financing of the Project.

B. After Closing, Purchaser shall not transfer title to all or any part of the Property without the advance written consent of the Seller, except for sales of condominium units consistent with this Agreement, until all requirements of Section 3.02 regarding initial sales of units shall have been satisfied.

SUBPART 600 – {RESERVED}

SUBPART 700 - DEFAULT AND REMEDIES

Section 701. Default

Except as otherwise provided in this Agreement, in the event of any default under 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. This Section shall not affect the operation of Section 702 or 703 below, nor require any notice or opportunity to cure prior to exercise of remedies under those Sections.

Section 702. Remedies Upon Default of Seller before Closing

A. Except as otherwise provided in this Agreement, in the event that any of the following occurs:



1. The Seller fails to tender conveyance of the Property or otherwise fails to satisfy its obligation to close the sale of 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 thirty (30) days after notice from the Purchaser; or
2. The Director fails or refuses to approve of Purchaser's Construction Documents pursuant to the terms of this Agreement without providing a written explanation for such refusal, and such failure or refusal is not cured within thirty (30) days after written notice thereof; or
3. Seller fails to complete the Seller's Environmental Work by December 31, 2010 and upon completion of the Environmental Work, promptly cause to be submitted a request, including necessary remediation reports, information and data, to Ecology to issue a NFA Determination;
4. The Seller otherwise fails or refuses to comply with the terms and conditions of or is in default or breach of this Agreement prior to Closing, and does not cure such breach within sixty (60) days after written notice thereof,

then Purchaser shall have the right to terminate this Agreement by notifying Seller in writing of its desire to do so, and upon such notice the Escrow Agent shall return the Earnest Money to the Purchaser and Purchaser shall have the right, as its sole remedy, to proceed against the Seller for actual damages, limited to reasonable out-of-pocket costs directly related to development of the Property. Such termination, recovery of Earnest Money and proceeding for such damages shall be Purchaser's only remedies for breach or default by the Seller at or prior to Closing.

B. As used in this Section, the term "out-of-pocket costs" excludes administrative or overhead costs, excludes legal fees to the extent not incurred as part of the financing and development of the project, 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 before Closing

A. Except as otherwise provided in this Agreement, in the event that prior to the conveyance of the Property to Purchaser, any of the following occurs:

1. Purchaser (or any successor in interest) assigns or attempts to assign this Agreement or any rights therein or in the Property without the express written consent of the Seller; or
2. Purchaser does not submit Construction Documents acceptable to the Director as required by this Agreement or does not obtain the permits



necessary to allow construction, in each case, in the manner and by the dates respectively provided in this Agreement; or

3. Purchaser gives notice that it will be unable or unwilling to close on the Property by the date required under Section 7.02 of Part I; or

4. Purchaser, without legal excuse, does not, on or before Noon on the date set for Closing in a Closing Notice, tender the full consideration for the Property;

5. Purchaser, without legal excuse, otherwise fails to comply with the terms of or is in default or breach of this Agreement prior to Closing and does not cure such breach within sixty (60) days after written notice thereof,

then at the option of the Seller, at any time thereafter, this Agreement and any rights of Purchaser or of any assignee or transferee in this Agreement or arising therefrom with respect to the Seller or the Property shall be terminated by written notice from Seller to Purchaser of such termination, and the Earnest Money shall be paid to and retained by the Seller.

B. The Earnest Money is intended as liquidated damages and not as a penalty, and in case of termination under this Section retention of the Earnest Money shall be Seller's sole and exclusive remedy. If the Purchaser's rights shall be terminated under this Section neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement (except pursuant to indemnity provisions, which survive termination of this Agreement).

Section 704. Other Rights and Remedies; 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, subject to express limits herein. 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. (Reserved)

Section 802. Seller's Representations and Warranties



For the purposes of inducing Purchaser to consummate the transactions contemplated hereby Seller represents and warrants to Purchaser, as of the date hereof, as follows:

A. Seller has full power, authority and legal right to execute, deliver and perform this Agreement, and all other documents and certificates contemplated hereby; the Seller has duly authorized the execution, delivery and performance thereof; and has authorized the person executing this Agreement to do so;

Except as expressly provided herein, there is not pending or, to the best of Seller's knowledge, threatened (i) condemnation or similar proceedings with respect to the Property or any part thereof, (ii) legal action of any kind or nature, served on the City, affecting the Property, which would enjoin or restrict the right of Seller to consummate the transactions contemplated hereby;

B. The Property is not affected by any special assessment, whether or not a lien thereon, which has not or will not be paid in full by Seller prior to the Closing Date; and

C. No later than the date of closing, Seller shall have completed the Environmental Work in compliance with all applicable federal, state and local laws, and the Property meets the applicable "cleanup standards" for residential use of the Property, as that term is used in the Washington Administrative Code interpreting the Washington State Model Toxics Control Act, WAC sec. 173-340-740.

Section 803. Purchaser's Representations and Warranties

Purchaser represents and warrants that it is a duly organized and validly existing public corporation under the laws of the State of Washington, 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 804. Notices

A notice or communication under this Agreement by one party to any other party shall be in writing and 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: Capitol Hill Housing Improvement Program
c/o Betsy Hunter, Director of Real Estate Development
1406 - 10th Ave., Suite 101
Seattle, WA 98122

THE SELLER: Director
City of Seattle Office of Housing
700 Fifth Avenue, Suite 5700
P.O. Box 94725
Seattle, WA 98124-4725

Section 805. Agreement Survives Conveyance

It is the intent of the parties hereto that the following provisions of this Agreement shall not be merged by reason of any deed transferring any interest in any real or personal property: Part I Sections 1, 2.03-2.04, 3.01-3.02; Part II Sections 2.01, 2.04.B, 2.05, 3.01, 3.03, 3.04B and C, 3.05, 3.07; and Part III Sections 4.01, 4.02, 5.01, 5.02.B, 7.01, 7.04, and 8.01 – 8.20, inclusive. Any such deeds shall not be deemed to in any way affect or impair any of the provisions, conditions, covenants, or terms of the foregoing Sections of this Agreement or the Exhibits referred to therein, except as otherwise provided in this Agreement or the Deed. In addition, if the Seller shall waive any provision hereof as a condition to Closing, then unless otherwise expressly agreed in writing the provisions shall survive as an obligation of the Purchaser to be performed within a reasonable time after Closing.

Section 806. 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.

Section 807. 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 808. Seller Approval and Consent

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

Section 809. 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 sale of the Property.

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. Venue of any action brought to interpret or enforce this Agreement shall be 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.

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. No other parties shall have any rights or remedies hereunder.

Section 815. Amendments

Amendments to this Agreement may be made only in writing, signed by the Seller and Purchaser. Amendments which are not fairly within the scope of the Ordinance referred to in the recitals to this Agreement shall not be effective unless authorized by ordinance.

Section 816. Waiver of Rights Under RCW Chapter 64.06; Statutory Notice

To the full extent permitted by law, 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.

Pursuant to RCW ch. 64.06, Seller provides the following notice:



"This notice is to inform you that the real property you are considering for purchase may lie in close proximity to a farm. The operation of a farm involves usual and customary agricultural practices, which are protected under RCW 7.48.305, the Washington right to farm act."

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, not to exceed 90 days, but nothing in this Section shall operate to extend the last date for Closing hereunder.

Section 819. Calculation of Time

For purposes of this Agreement, a "business day" is any day that is not a Saturday, Sunday or City of Seattle holiday. If the time for performance of any of the terms, conditions and provisions hereof shall fall on a day that is not a business day, then the time of such performance shall be extended to the next business day thereafter.

Section 820. Exhibits

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

- | | |
|-----------|--|
| Exhibit A | Legal Description and Map Showing Location of the Property |
| Exhibit B | Form of Promissory Note |
| Exhibit C | Form of Quit Claim Deed |
| Exhibit D | Schematic Design and Summary Description |



EXECUTED as of the day and year first above written.

SELLER:

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

By: _____

Director, Office of Housing

PURCHASER:

By: _____

Name: _____

Title: _____

NOTICE: CAPITOL HILL HOUSING IMPROVEMENT PROGRAM is organized pursuant to Seattle Municipal Code (SMC) Chapter 3.110 and RCW 35.21.730-.755. RCW 35.21.750 provides as follows:

“All liabilities incurred by such public corporation, commission or authority shall be satisfied exclusively from the assets and properties of such public corporation, commission or authority and no creditor or other person shall have any right of action against the city, town or county creating such public corporation, commission or authority on account of any debts, obligations or liabilities of such public corporation, commission or authority.”



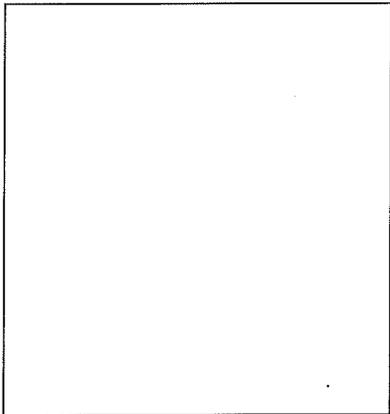
CITY ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this _____ day of _____, 20__, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known (or proved by satisfactory evidence) to be the _____ 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 purposes therein mentioned, and on oath stated that she was authorized to execute the said instrument.

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

Date
:



Use this space for Notary Seal/Stamp

NOTARY PUBLIC in and for the State
of
Washington residing
at _____
My commission _____
expires: _____
PRINT NAME: _____

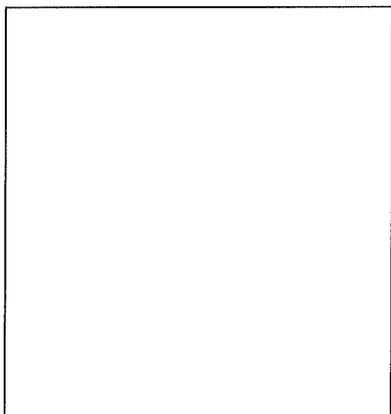


PURCHASER ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the _____ of _____, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Date
: _____



Use this space for Notary Seal/Stamp

NOTARY PUBLIC in and for the State
of
Washington residing
at _____
My commission
expires: _____
PRINT NAME: _____



Exhibit A: Map of Property and Legal Description



Parcels A and B, City of Seattle Short Plat Number 80-148, as recorded under Recording Number 8202030663, said short plat being more particularly described as follows:

Lots 13, 14, 15 and 16, Block "C", W.C. Squire's Replat of Block Eight of Squire Park Addition to the City of Seattle, according to the plat thereof recorded in Volume 10 of Plats, Page 18 records of King County, Washington; Except that portion thereof condemned for widening of 12th Avenue; situated in the City of Seattle.



Exhibit B: Form of Promissory Note
PROMISSORY NOTE
(Secured)

\$1,013,000.00

Seattle, Washington

Date: _____

1) Promise to Pay. For value received, _____, a Washington _____ (hereinafter referred to as "Maker"), promises to pay in lawful money of the United States of America, to the order of THE CITY OF SEATTLE ("City"), a Washington municipal corporation, at 700 Fifth Avenue, Suite 5700, Post Office Box 94725, Seattle, WA 98124-4725, or such other place as the holder of this Note may designate in writing from time to time, the principal sum of ONE MILLION THIRTEEN THOUSAND DOLLARS and no cents (\$1,013,000.00), with interest as set forth herein.

2) Contract for Sale; Covenant. This Note is made pursuant to a Purchase and Sale Agreement dated as of _____, _____ between the Maker and the named payee ("Contract"), to evidence the unpaid portion of the purchase price of certain real property at 500 12th Ave in Seattle, Washington, legally described in the Contract ("Property"). Capitalized terms used and not defined herein shall have the meanings specified in the Contract unless the context otherwise clearly requires. Pursuant to the Contract the Maker has executed a Covenant dated as of the date hereof recorded against the Property ("Covenant").

3) Maturity; Extension. The principal amount of this Note, accrued interest, and all other amounts owing hereunder, unless earlier accelerated under the terms of this Note or any documents securing this Note, are due and payable as follows: (a) on _____, if a Certificate of Occupancy for improvements ("Certificate of Occupancy") then shall not have been issued by the Seattle Department of Planning and Development; and (b) otherwise, on the _____ [insert this – a key term] anniversary of the date of issuance of the Certificate of Occupancy (the date when the outstanding principal balance becomes due under clause (a) or (b), as it may be extended under this Section, is referred to as the "Maturity Date"). If the Maturity Date is determined under clause (b) of this Section; the Property has not been sold or otherwise transferred prior to the Maturity Date other than as permitted in Section 2.04 of the Contract; and this Note has not otherwise been accelerated, the Maturity Date shall, at Maker's request, in writing made not more than sixty (60) and not less than thirty (30) days before the Maturity Date, be extended for _____ years.

4) Interest Rate and Payment. Maker shall pay interest on the outstanding principal of this Note at the rate of 1% per annum from the date hereof. All interest shall be due and payable on the Maturity Date or any earlier date on which the principal balance shall be declared due.



If the Maturity Date shall be extended pursuant to the last sentence of Section 3 above, then so long as Maker is in compliance with the Covenant and the principal balance hereunder shall not have been accelerated, no further interest shall accrue. Any amounts past due hereunder, including accrued interest, shall bear interest at 12% per annum or the highest rate allowed by applicable law, whichever shall be less.

5) Default and Acceleration. Any default under the Contract, the Covenant or the Deed of Trust securing this Note shall constitute a default under this Note, and upon such default the holder of this Note shall have the right, without notice or demand, to declare all amounts owing hereunder immediately due and payable. This Section applies to a default by any successors in interest to the Maker of this Note with respect to any of the Property, whether or not the Maker shall have caused or permitted such default and whether or not the transfer to such successor shall have been approved or permitted by the holder hereof.

6) Prepayment. The principal amount of this Note may be prepaid in full or in part at any time.

7) Costs and Attorneys' Fees. In case Maker defaults in payment of this Note, Maker agrees to pay all of the holder's costs of collection, including but not limited to, reasonable attorney's fees incurred by the holder of this Note whether or not suit is instituted. If any legal proceedings are instituted relating to this Note, including without limitation any arbitration, bankruptcy, trial or appellate proceedings, Maker shall pay the holder's costs, including reasonable attorney's fees, in all such proceedings.

8) Waivers. Maker hereby waives presentment, demand for payment and notice of dishonor. The holder of this Note may forgo or delay enforcing any rights or remedies under this Note without losing them.

9) Time. Time is of the essence of all of the provisions of this Note.

10) Application of Payments. Any payments received hereunder shall be applied first, to any costs or fees owing hereunder; next, to any interest owing; and the balance, if any, to reduction of principal.

11) Security. This Note is secured by a Deed of Trust covering property situated in King County, Washington, and shall be construed, enforced and otherwise governed by the laws of the State of Washington. The holder of this Note shall not be required to pursue any remedy under the Deed of Trust or any other security documents prior to bringing an action on this Note.

12) Non-recourse. Maker shall have no liability for payment of this Note other than to have the Property and all other collateral under the Deed of Trust and other documents securing



this Note, and the rents, income and proceeds from such Property and collateral, applied to satisfy the obligations hereunder; provided, however, that Maker shall be liable for damages or deficiencies (including costs and reasonable attorneys' fees) resulting from fraud; waste; material misrepresentation; misappropriation of rents, insurance proceeds, condemnation proceeds, or reserves; failure to maintain required insurance without advance written notice to the holder of this Note; breaches of covenants or warranties relating to hazardous or toxic substances; and costs of compliance with laws, regulations and orders of environmental agencies regarding hazardous or toxic substances.

NOTICE: ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT, ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

_____, a Washington _____

By: _____

Print Name: _____

Its: _____



Exhibit C: Form of Quit Claim Deed

After recording, return to:

Seattle Office of Housing
700 Fifth Avenue, Suite 5700
Seattle, WA 981124-4725
Attn: Mark Ellerbrook

**QUITCLAIM DEED SUBJECT TO CONDITION SUBSEQUENT / POWER OF TERMINATION,
with GRANTEE's COVENANTS, RELEASES AND INDEMNITY**

Reference number of related documents: N/A

Grantor: The City of Seattle

Grantee:

Summary Legal Description:

Additional Legal Description:

Tax Parcel I.D.:

Grant. The City of Seattle, a Washington municipal corporation ("Grantor"), for and in consideration of TEN DOLLARS in hand paid, the covenants, releases and indemnity set forth herein, the Covenant for Low-Income Housing described below, and the other consideration described in that certain Purchase and Sale Agreement described below, hereby conveys and quit claims to _____ ("Grantee"), that certain real property located in the City of Seattle, King County, Washington, and legally described as follows ("Property"):

Parcels A and B, City of Seattle Short Plat Number 80-148, as recorded under Recording Number 8202030663, said short plat being more particularly described as follows:
Lots 13, 14, 15 and 16, Block "C", W.C. Squire's Replat of Block Eight of Squire Park Addition to the City of Seattle, according to the plat thereof recorded in Volume 10 of Plats, Page 18 records of King County, Washington; Except that portion thereof condemned for widening of 12th Avenue; situated in the City of Seattle.

Pursuant to Seattle Ordinance _____, this deed is made subject to, and the Grantor reserves the rights and interests of The City of Seattle set forth in, that certain Covenant for Low-Income Housing granted by Grantee dated as of the date hereof and recorded on the date of recording hereof, which is incorporated herein by this reference.

Grantee's Covenants, Releases and Indemnity ("Release and Indemnity")

The Property is conveyed **AS-IS, WHERE-IS, WITH-ALL-FAULTS, AND WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, AS TO ITS**



CONDITION, ENVIRONMENTAL OR OTHERWISE, OR ITS SUITABILITY OR SUFFICIENCY FOR THE GRANTEE'S INTENDED USES AND PURPOSES. Grantee acknowledges that adverse physical, economic or other conditions (including without limitation, adverse environmental soils and ground-water conditions), either latent or patent, may exist on the Property and assumes Grantor's responsibility for all environmental conditions of the Property, known or unknown, including but not limited to responsibility, if any, for investigation, removal or remediation actions relating to the presence, release or threatened release of any Hazardous Substance or other environmental contamination relating to the Property. Grantee also releases, covenants not to sue, and shall indemnify, defend, and hold Grantor and its past, present and future officials, employees, and agents, harmless from and against any and all claims, demands, penalties, fees, damages, losses, expenses (including but not limited to fees and costs of regulatory agencies, attorneys, contractors and consultants), and liabilities arising out of, or in any way connected with, the condition of the Property including but not limited to any alleged or actual past, present or future presence, release or threatened release of any Hazardous Substance in, on, under or emanating from the Property, or any portion thereof or improvement thereon, from any cause whatsoever; it being intended that Grantee shall so indemnify Grantor and such personnel without regard to any fault or responsibility of Grantor or Grantee. Grantee is aware of the rights it might otherwise have to seek recovery from Grantor for costs of remediation and cleanup of Hazardous Substances under applicable law, including without limitation the Washington Model Toxics Control Act ("MTCA") and the federal Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), and Grantee hereby knowingly waives all such rights, now existing or hereafter arising, and voluntarily relinquishes those rights and forever releases the Grantor from any such obligation. The obligation to complete all environmental investigation, removal or remediation of the Property and the acknowledgements, releases, and covenants herein touch and concern the Property, are intended to run with the land and bind Grantee and Grantee's heirs, successors and assigns, and inure to the benefit of Grantor and its successors and assigns.

For purposes of this **Release and Indemnity**, the term "Hazardous Substance" shall mean any and all hazardous, toxic, infectious or radioactive substances, wastes or materials as defined or listed by any Environmental Law, and shall specifically include petroleum hydrocarbons and any petroleum fractions; polyaromatic hydrocarbons; flammable materials; radioactive materials; polychlorinated biphenyls ("PCBs") and compounds containing them; lead, asbestos or asbestos-containing materials in any friable form; underground or above-ground storage tanks; phthalates; dioxins/furans; and any substance or material that is now is or hereafter becomes regulated under any Environmental Law.

For purposes of this **Release and Indemnity**, "Environmental Law" shall mean any local, state or federal law or regulation, ordinance or order pertaining to the protection of human health and/or the environment, now or hereafter amended including, but not limited to: the Federal Clean Air Act; the Federal Clean Water Act; the Federal Safe Drinking Water Act; the Federal Comprehensive Environmental Response Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986; the Federal Resource Conservation and Recovery Act, as amended by the Solid and Hazardous Waste Amendments of 1984; the Federal Occupational Safety and Health Act; the Federal Emergency Planning and Right-to-Know Act of 1986; the Federal Hazardous Materials Transportation Control Act of 1980; the Federal Waste Management Recovery and Recycling Act; the Federal Toxic Substances Control Act; the Washington Hazardous Waste Management Act; Washington Model Toxics Control Act; the Washington Water Pollution Control Act; the Washington Underground Petroleum Storage Tanks Act; the Washington Industrial Safety and Health Act; the Washington Worker



and Community Right to Know Act; the Washington Oil and Hazardous Substance Spill Prevention and Response Act; and any regulations promulgated there under from time to time.

Grantee's release and covenant not to sue shall include both claims by Grantee as original plaintiff against Grantor and any cross-claims, third-party claims or other claims against Grantor by Grantee based upon claims made against Grantee by any third parties. The obligation to indemnify and defend shall include, but not be limited to, any liability of Grantor to any and all federal, state or local regulatory agencies or other persons or entities for remedial action costs and natural resources damages claims. **This Release and Indemnity means that Grantee accepts the Property "as-is, where-is and with-all-faults," and that Grantee assumes all responsibility of Grantor to investigate, remove and remediate any environmental conditions on the Property and has no recourse against Grantor or any of its officers, employees or agents for any claim or liability with respect to the Property.** This Release and Indemnity shall apply regardless of whether or not Grantee is culpable, negligent or in violation of any law, ordinance, rule or regulation. Nothing herein shall release, discharge or affect any rights or causes of action that Grantor or Grantee may have against any other person or entity, except as otherwise expressly stated herein, and each of the parties reserves all such rights including, but not limited to, claims for contribution or cost recovery relating to any Hazardous Substance in, on, under or emanating from the Property.

Nondiscrimination. Grantee further covenants that there shall be no discrimination upon the basis of race, color, religion, sex, or national origin, in the sale, lease or rental, or in the use or occupancy, of the Property or any improvements erected or to be erected thereon. Both the Grantor and the United States of America shall be entitled to enforce this paragraph, which shall run with the land and bind Grantee and Grantee's heirs, successors and assigns.

The terms of this Release and Indemnity are in addition to, and not in substitution for, those terms of the Purchase and Sale Agreement dated _____ between Grantor and _____, Grantee's assignor (the "Contract") that, by the terms of such Contract, survive the delivery of this deed, but in case of any conflict the terms of this Release and Indemnity prevail.

Condition Subsequent / Power of Termination. This conveyance is subject to the following condition and power of termination which shall be binding on the Grantee and its successors and assigns, and to which Grantee agrees on behalf of Grantee and its successors and assigns:

1. 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, the estate conveyed under this deed and all rights of all persons claiming by or through Grantee, whereupon fee simple title to the Property shall revert entirely in Grantor or its governmental successors or assigns. The condition subsequent shall have occurred unless the following shall have occurred on or before _____: Grantee shall have obtained from the Seattle Department of Planning and Development ("DPD") the Certificate of Occupancy for the Property consistent with the Schematic Design and Summary Description.
2. Certificate of Compliance. Upon recording of a Certificate of Compliance duly signed by the Director of the Office of Housing of the Grantor, stating that the Grantee has timely satisfied the above requirement such that the condition subsequent cannot occur, or that if such requirement has not been timely satisfied it has been waived by the City, the condition subsequent in this deed shall be of no further force or effect.
3. 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.



Amy Gray/ASG
OH 12th & Jefferson Disposition ORD ATT 1 EXH C
Sept. 15, 2010
Version #2

Executed this ____ day of _____, 20 __, pursuant to Ordinance _____ of The City of Seattle.

Grantor:

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

By: _____
_____, Director
Office of Housing

Grantee:

CAPITOL HILL HOUSING IMPROVEMENT PROGRAM,
a Washington public corporation

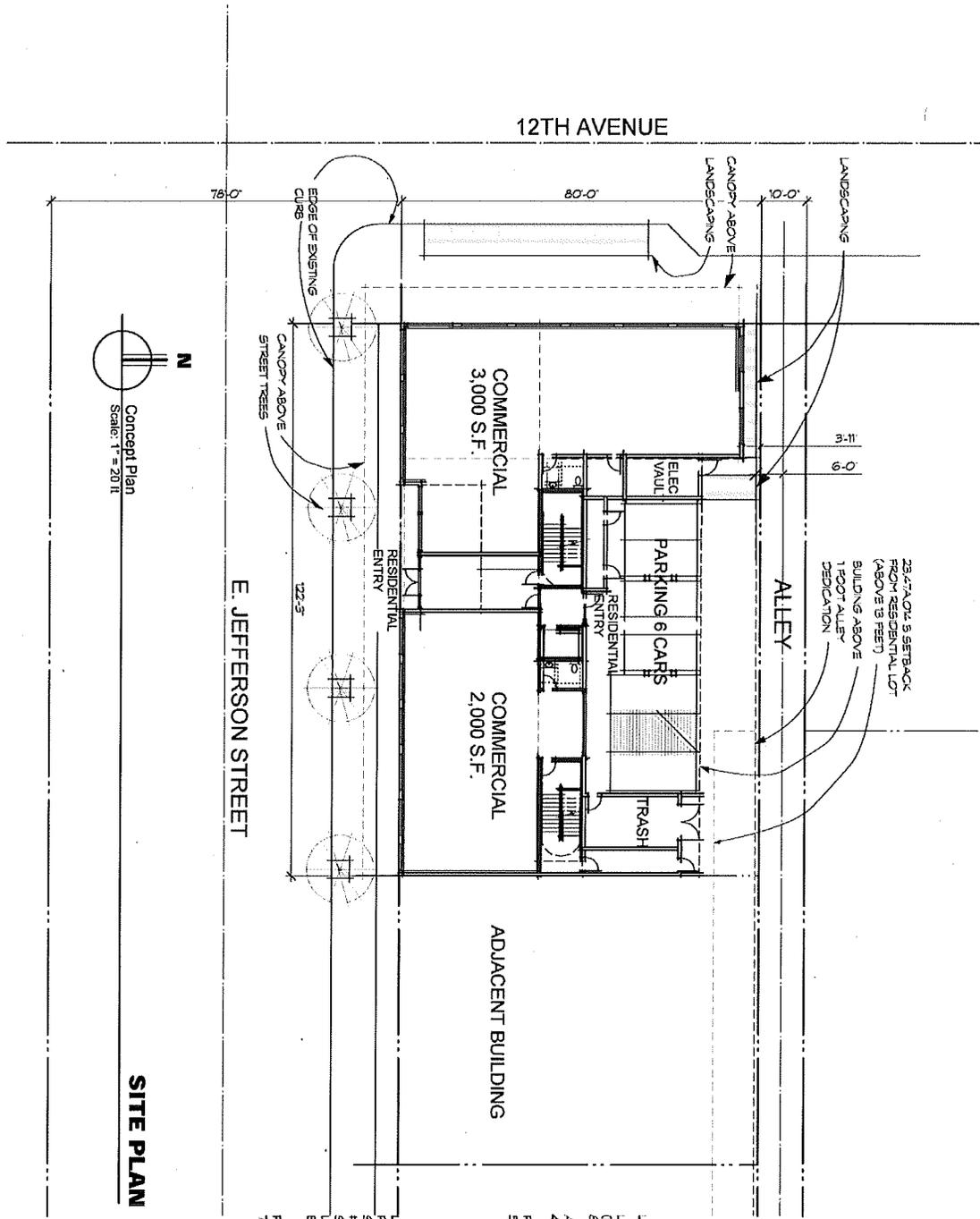
By: _____
Name
Title



Exhibit D: Schematic Design and Summary Description

The Project will consist of six stories of construction, with one level of commercial space at grade (approximately 5,000 square feet) over five floors of residential units. There will be at least 35 units of residential units available for households earning up to 60% of area median income. The residential units will be a mixture of one-bedroom and two-bedroom apartments, with at least 10 of the apartments consisting of two bedrooms.





SITE PLAN

12th + East Jefferson
 Workforce Housing
 500 12th Avenue
 Seattle, WA 98122
 March 25, 2009

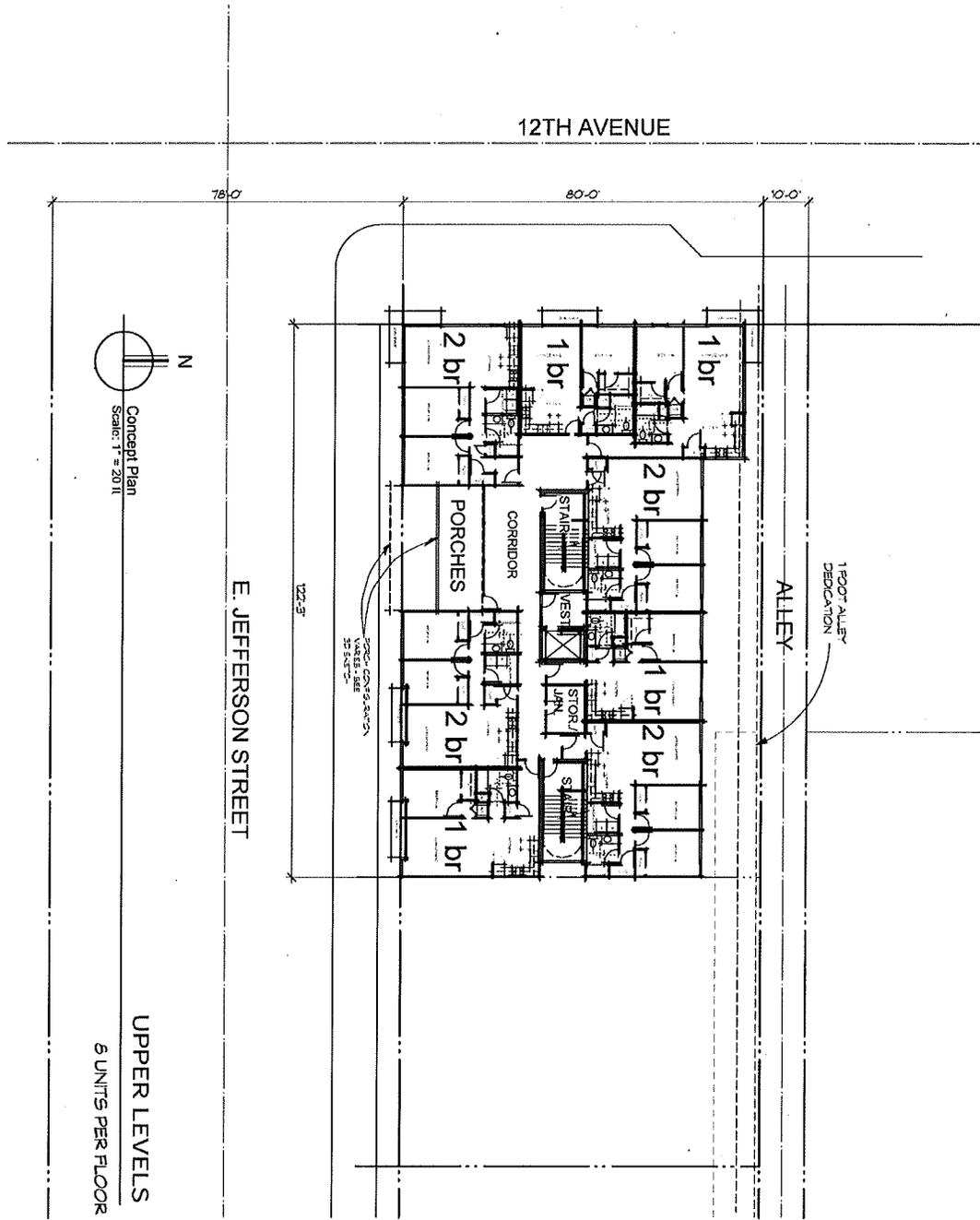
Proj. No. 08-023



LEGAL DESCRIPTION:
 PAR A, E & B OF SEA
 SP H&O-45, 57& REC
 #8202020663
 SD SP DAF.
 LOTS 13 THRU 16
 B.L.K C 1855 RD
 PARCEL NUMBER:
 79-4830C165

LOT AREA: 79 X 122-5' = 9,657.75 S.F.
 LOT AREA
 (FOR PURPOSES OF PAR C.A.C.S (SEE 23.86.0078):
 80 X 122-5' = 9,799 S.F.
 ALLOWABLE FAR: 4.75% X 9,799 S.F. =
 46,545.25 S.F.
 PROPERTY ADDRESS:
 500 12TH AVENUE





N
 Concept Plan
 Scale: 1" = 20' II

UPPER LEVELS
 6 UNITS PER FLOOR

E. JEFFERSON STREET

12TH AVENUE

ALLEY
 1 FOOT ALLEY
 DESIGNATION

122'-3"

12th + East Jefferson
 Workforce Housing

500 12th Avenue
 Seattle, WA 98122

March 25, 2009

Proj. No. 08-023



ENVIRONMENTAL WORKS
 Community Design Center
 402 7th Avenue East
 Seattle, Washington 98102
 206.269.5464 fax
 ewc@envorks.org



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Office of Housing	Mark Ellerbrook/4-3340	Becky Guerra/4-5339

Legislation Title:

AN ORDINANCE relating to the sale of City real property for mixed-use development; authorizing the sale of the site located at 12th Avenue and East Jefferson Street to Capitol Hill Housing Improvement Program or its designee; authorizing the Director of the Office of Housing to execute, deliver, and administer the contract for sale of land, deed and related documents; authorizing other actions related to the use and disposition of the property; and ratifying and confirming prior acts.

• **Summary of the Legislation:**

This legislation will authorize the Office of Housing (OH) to sell vacant surplus property to Capitol Hill Housing Improvement Program for the development of at least 35 rental units. The proceeds from the sale of the property will be deposited into the Low-income Housing Fund 16400.

• **Background:** *(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):*

The City purchased the property at 500 12th Avenue in Seattle. The Office of Housing issued a Request for Proposals in May 2008, and received two proposals. The proposal submitted by Capitol Hill Housing Improvement Program (CHH) was selected. CHH will develop no less than 35 rental units on the site. This ordinance approves conveyance of the site to CHH.

The purchase price is \$1,028,000, of which \$15,000 in cash will be due at closing to cover OH closing costs and OH administrative expenses. The balance will be forgiven incrementally if the units are rented to income qualified households for at least 50 years. After an initial period of approximately 15 years from the date the project receives its certificate of occupancy, CHH shall have the option of converting some or all the rental units into condominium units that can be sold individually. The conversion of rental units is approved by Seller and is in compliance with all applicable laws and regulations. The units sold shall be affordable to income qualified homebuyers based on a calculation acceptable to the City. The units shall remain affordable to low-income households for a period of time acceptable to the City, but generally not less than 35 years. Units sold shall be subject to deed restrictions, financing terms or other re-sale conditions, acceptable to the City

This legislation does not contain appropriation authority; since closing will not likely occur until 2010, appropriation authority will be included in the 2011 budget. Sale proceeds will be deposited by OH into the Low-income Housing Fund (16400).



- Please check one of the following:

 This legislation does not have any financial implications. (Stop here and delete the remainder of this document prior to saving and printing.)

 X **This legislation has financial implications.** (Please complete all relevant sections that follow.)

***Appropriations:** This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation, please provide details in the Notes section below.*

Fund Name and Number	Department	Budget Control Level*	2010 Appropriation	2011 Anticipated Appropriation
TOTAL				

*See budget book to obtain the appropriate Budget Control Level for your department.

***Notes:** This legislation does not contain appropriation authority since closing will not occur until late in 2010. Appropriation authority will be included in the 2011 budget.*

***Anticipated Revenue/Reimbursement: Resulting From This Legislation:** This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.*

Fund Name and Number	Department	Revenue Source	2010 Revenue	2011 Revenue
Low Income Housing Fund (16400)	Office of Housing	16440		\$15,000
TOTAL				\$15,000

Notes:



Total Regular Positions Created, Modified, Or Abrogated Through This Legislation,

Including FTE Impact: *This table should only reflect the actual number of positions affected by this legislation. In the event that positions have been, or will be, created as a result of other legislation, please provide details in the Notes section below the table.*

Position Title and Department	Position # for Existing Positions	Fund Name & #	PT/FT	2010 Positions	2010 FTE	2011 Positions*	2011 FTE*
TOTAL							

* 2010 positions and FTE are total 2010 position changes resulting from this legislation, not incremental changes. Therefore, under 2010, please be sure to include any continuing positions from 2009.

Notes:

- **Do positions sunset in the future?** (If yes, identify sunset date): None

Spending/Cash Flow: *This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.*

Fund Name & #	Department	Budget Control Level*	2010 Expenditures	2011 Anticipated Expenditures
TOTAL				

* See budget book to obtain the appropriate Budget Control Level for your department.

Notes: None

- **What is the financial cost of not implementing the legislation?** (Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented.)

By not implementing the legislation, the City continues to own and be responsible for the property. This has two major implications: carrying costs continue to be the responsibility of the City (fence rental, clean-up and weed control), and the blighting influence of this vacant parcel. The 12th Avenue Stewardship Council strongly supports the City's efforts to sell this property to CHH.



- **Does this legislation affect any departments besides the originating department?** • *If so, please list the affected department(s), the nature of the impact (financial, operational, etc.), and indicate which staff members in the other department(s) are aware of this Bill.* None
- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** *(Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)*
None. CHH's proposal presents the best potential for positive redevelopment in many years. We need to take advantage of this opportunity.
- **Is the legislation subject to public hearing requirements:** *(If yes, what public hearings have been held to date, and/or what plans are in place to hold a public hearing(s) in the future.)*
No
- **Other Issues** *(including long-term implications of the legislation):* None
- **List attachments to the fiscal note below:** *(Please include headers with version numbers on all attachments, as well footers with the document's name (e.g., DOF Property Tax Fisc Att A)* None

ORDINANCE _____

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AN ORDINANCE relating to the sale of City real property for mixed-use development; authorizing the sale of the site located at 12th Avenue and East Jefferson Street to Capitol Hill Housing Improvement Program or its designee; authorizing the Director of the Office of Housing to execute, deliver, and administer the contract for sale of land, deed and related documents; authorizing other actions related to the use and disposition of the property; and ratifying and confirming prior acts.

WHEREAS, the City issued a competitive Request for Proposals to solicit proposals for redevelopment of land located at 12th Avenue and East Jefferson Street; and

WHEREAS, in response to the Request for Proposals, Capitol Hill Housing Improvement Program ("CHH") submitted a proposal dated May 23, 2008, to acquire the 12th Avenue and East Jefferson Street parcel and construct a mixed use project containing rental units; and

WHEREAS, the Director of the City's Office of Housing has determined that the CHH proposal is complete and responsive to the Request for Proposals, and recommends that the City Council authorize transfer of ownership of the 12th Avenue and East Jefferson site to CHH or a designee approved by the Housing Director;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Director of the Office of Housing ("Director") is authorized to enter into, enforce and perform an agreement ("Agreement") with Capitol Hill Housing Improvement Program ("CHH"), a Washington public corporation, or a designee of CHH approved by the Director (CHH and any approved designee, and any assignee of the Agreement approved by the Director, are referred to as "Purchaser"), for the transfer of the property, legally described as:

Parcels A and B, City of Seattle Short Plat Number 80-148, as recorded under Recording Number 8202030663, said short plat being more particularly described as follows:



1 Lots 13, 14, 15 and 16, Block "C", W.C. Squire's Replat of Block Eight of Squire Park
2 Addition to the City of Seattle, according to the plat thereof recorded in Volume 10 of
3 Plats, Page 18, records of King County, Washington; Except that portion thereof
4 condemned for widening of 12th Avenue; situated in the City of Seattle

5 (the "Property") on the terms and subject to the conditions authorized in this ordinance. The
6 Agreement shall be in the form attached to this ordinance as Attachment 1, with such revisions
7 and additions, not inconsistent with the express terms of this ordinance or applicable law, as the
8 Director may determine are reasonably necessary to carry out the intent of this ordinance. The
9 stated sale price for the Property is \$1,028,000. All except \$15,000 shall be deferred, and may
10 be satisfied by nonfinancial performance, under a non-recourse promissory note ("Note") in
11 accordance with the Agreement. In order to carry out the Agreement for and on behalf of the
12 City, the Director is authorized to execute a deed for the Property in substantially the form
13 attached hereto as an exhibit to Attachment 1, and upon satisfaction of the conditions precedent
14 under the Agreement, except for any that may be waived in writing by the Director, the Director
15 is authorized to cause the deed to be recorded and delivered to the Purchaser. The Director may
16 grant the Purchaser and others permits to enter upon and perform investigations on the Property.
17 The Director is authorized to execute, deliver, accept, record, modify, and administer such other
18 documents, which may include amendments to the Agreement and extensions of deadlines under
19 the Agreement, and take such other actions, as he or she shall deem necessary or advisable to
20 implement the purpose of this ordinance.

21
22
23 Section 2. The Agreement shall require Purchaser to use diligent efforts to pursue
24 design work, financing applications, environmental reports, permit applications and all other
25 steps necessary to construct and permanently finance improvements on the Property as described
26



1 in Section 3 of this ordinance. Except as otherwise specified in the Agreement, all such efforts
2 of Purchaser shall be at its own expense and risk. The Agreement shall terminate if the
3 conditions to transfer of the Property by the City are not satisfied or waived in writing by the
4 Director within 18 months of the effective date of this ordinance, except that one extension, not
5 to exceed six months, may be granted by the Director if in his or her judgment an extension
6 furthers the City's objectives. The Director may waive specific conditions to Closing in the
7 Agreement, not including required payments or the execution and recording of closing
8 documents, if in the Director's judgment the Purchaser has demonstrated its ability and
9 willingness to perform substantially as contemplated by this ordinance and the Agreement.
10

11
12 Section 3. The Agreement shall provide that if the transfer is completed, the
13 improvements to be developed on the Property shall include no less than 35 dwelling units, with
14 rents affordable to households with incomes not exceeding 60 percent of median income, as
15 defined in the Agreement. The development, including the process of obtaining necessary
16 regulatory approvals and construction of the housing and of ground floor commercial space in
17 the same building on the Property, is referred to in this ordinance as the "Project".
18

19
20 Section 4. The Agreement shall provide for the transfer of the Property to Purchaser
21 after various conditions are satisfied, including those relating to land use, regulatory processes
22 and financing. If a condition is not satisfied by the date required, the Director may terminate the
23 Agreement. If the Purchaser fails to complete the Project or otherwise defaults after closing of
24 the transfer but before construction is completed, the Director may take action to recover the
25 Property for the City under the terms of the relevant documents, and may accept title for and on
26



1 behalf of the City. If the Agreement terminates for any reason without transfer of the Property,
2 or if the Director recovers the Property, the Director may arrange an alternative disposition of the
3 Property, primarily for development of housing, on such terms and through such process as are
4 then feasible in the judgment of the Director, subject to further approval by ordinance.

5
6 Section 5. The Director is authorized to execute and deliver such additional
7 documents, which may include amendments to the Agreement and related covenants, and to take
8 such other actions, as may be necessary or appropriate to implement the intent of this ordinance,
9 and to administer and enforce the Agreement, covenants, and any other such documents. The
10 Director may approve a transfer of the Property to a limited partnership or limited liability
11 company managed by CHH, or the designation by CHH of such an entity as Purchaser, if the
12 Director finds such a transfer or designation is necessary for financing of the Project. In
13 addition, the Director may grant a partial release of the City's covenant and deed of trust from a
14 part of the Property, to be used for nonresidential purposes, that is included in a separate
15 condominium unit from the housing, under condominium documents acceptable to the Director.
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18 Section 6. Payments made from escrow at closing, from funds deposited by or on
19 behalf of the Purchaser, of prorated assessments and other costs payable by the City at closing
20 pursuant to the terms of the Agreement, shall be credited toward payment of the purchase price
21 of the Property. All funds payable from escrow to the City shall be deposited in the Low-income
22 Housing Fund (16400).
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1 Section 7. The sale of the property authorized in Section 1 of this ordinance, and any
2 disposition process commenced by the Director after any termination of the Agreement as
3 authorized in Section 4 of this ordinance, are exempted from compliance with the property
4 disposition policies and procedures previously or hereafter contained in or adopted by resolution,
5 including Resolution 29799 as amended by Resolution 30862.
6

7 Section 8. Any action taken after the passage of this ordinance and pursuant to the
8 authority herein prior to the effective date of this ordinance is hereby ratified and confirmed.
9

10 Section 9. This ordinance shall take effect and be in force 30 days from and after its
11 approval by the Mayor, but if not approved and returned by the Mayor within ten days after
12 presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.
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1 Passed by the City Council the ____ day of _____, 2010, and
2 signed by me in open session in authentication of its passage this
3 ____ day of _____, 2010.

4
5
6 President _____ of the City Council

7
8 Approved by me this ____ day of _____, 2010.

9
10
11 Michael McGinn, Mayor

12 Filed by me this ____ day of _____, 2010.

13
14
15 City Clerk

16 (Seal)

17
18 Attachment 1: Purchase and Sale Agreement

19 Exhibit A. Map of Property and Legal Description
20 Exhibit B. Intentionally Omitted
21 Exhibit C. Intentionally Omitted
22 Exhibit D. Form of Quit Claim Deed
23 Exhibit E. Schematic Design and Summary Description



PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "Agreement") is made as of _____, 2010, by and between the City of Seattle, a municipal corporation of the State of Washington (the "Seller"), and Capitol Hill Housing Improvement Program, a Washington public corporation ("Purchaser"), whose address is 1401 10th Avenue, Suite 101, Seattle, Washington. The term "Seller" shall mean The City of Seattle only in its capacity as the Seller under this Agreement. The term "City" shall mean The City of Seattle in its other governmental capacities.

WHEREAS, the Seller is the owner of the legally described in the attached Exhibit A (the "Property"); and

WHEREAS, the Seller issued a competitive Request for Proposals ("RFP") to solicit proposals for redevelopment of the parcel; and

WHEREAS, in response to the RFP, the Purchaser submitted a proposal dated May 23, 2008 to acquire the parcel and construct housing units (the "Project"); and

WHEREAS, the Director of the City's Office of Housing determined that the Purchaser's proposal was complete and responsive to the Request for Developer Qualifications / Proposals, and recommended that the Mayor and City Council authorize by ordinance an agreement for the transfer of ownership of the City-owned property at 12th and Jefferson to Capitol Hill Housing or a designee approved by the Director; and

WHEREAS, by Ordinance _____ dated _____, 2010, the Seattle City Council authorized the Director of the Office of Housing ("Director") to execute, deliver, and administer a real estate purchase and sale agreement, which is this Agreement.

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

PART I

Section 1. Agreement; Property Description

Subject to all of the terms and conditions of this Agreement, the Seller agrees to sell and convey to Purchaser, and Purchaser agrees to buy from the Seller, that certain real property located at 500 12th Avenue in the City of Seattle, commonly known as 12th and Jefferson and legally described on the attached Exhibit A (the "Property").

Section 2. Payment of Purchase Price; Conveyance

2.01 Price and Form of Payment.



Purchaser agrees to pay to the Seller the sum of One Million, Twenty Eight Thousand and 00/100 Dollars (\$1,028,000.00) (the "Purchase Price") for the Property, subject to the provisions in Section 2.04 below. The Purchase Price is payable as follows: Fifteen Thousand and 00/100 Dollars (\$15,000.00) in cash at Closing (defined in Section 7 below); and the balance pursuant to the terms of a non-recourse promissory note ("Note"), which shall be executed by Purchaser and delivered to the Seller at Closing. The Note shall bear interest at a simple rate of 1% per annum.

2.02 Conveyance

Upon (i) the payment of the cash required at Closing under this Section 2 and all other amounts required to be paid by Purchaser at Closing hereunder, and (ii) the satisfaction of the conditions set forth in this Agreement, the Seller shall convey the Property, by Quitclaim Deed in the form attached hereto as Exhibit D (the "Deed"), which is hereby approved as to form by Purchaser.

2.03 Security for Note

The Note shall be secured by a deed of trust, assignment of rents, security agreement and fixture filing in favor of the Seller, in form and content acceptable to Seller and Purchaser, which shall be delivered at Closing and shall initially be a first lien on the Property (the "Deed of Trust"). Seller shall subordinate the lien of its Deed of Trust to the liens and covenants reasonably required for the Purchaser's financing of the development of the Property as contemplated in this Agreement with the sole exception of liens in favor of Purchaser or its affiliates.

Any obligation of the Seller to subordinate its Deed of Trust to another lien is conditioned upon the delivery to Seller, at least 30 days in advance of the date when Purchaser desires a subordination agreement to be delivered, of the proposed form of subordination agreement and all documents related to the liens or encumbrances to which subordination is requested, as well as documents demonstrating to the satisfaction of the Seller that the conditions to subordination are satisfied or will be satisfied as of the date of deliver and recording of the subordination agreement. In addition, any subordination may be conditioned upon such changes to the form of subordination agreement as the Seller may require, and the issuance to the Seller of one or more endorsements to the Seller's title insurance policy, as the Seller may require. The Seller agrees to subordinate any reversionary interests under this Agreement, the Deed and the Deed of Trust as required for financing the development.

2.04 Assignment of Note to Subsequent Owner

The parties acknowledge that to complete the financing for the Project, the Purchaser intends to convey the Property to a limited liability company, limited partnership or limited liability limited partnership controlled by the Purchaser ("Company"). If

1. the Purchaser is otherwise in full compliance with the terms of this Agreement; and
2. the Seller receives such title insurance or endorsements thereto as the Seller may require,



then the Seller shall permit the conveyance of the Property to the Company, provided that the Company assumes all obligations of the Purchaser hereunder and subject to the prior satisfaction of any of the conditions of Part I, section 5 below.

Section 3. Low-Income Housing

3.01 Purpose of Sale

Seller is selling the Property to Purchaser to enable the Purchaser to construct the Project, consistent with this Agreement, according to the plans to be approved by the Seller, which shall be used.

3.02 Units for Low-Income Households

(a) As a condition of Seller's obligations at Closing, the Purchaser shall execute, acknowledge and deliver for recording a Low-Income Housing Covenant ("Covenant"), to be mutually agreed upon by Seller and Purchaser, committing to use of the Property to include no less than 35 units of housing to be rented by Low-Income Households, with rents affordable to such households, for a minimum of 50 years, subject to the exception described in subsection (b) below.

(b) After an initial period of approximately fifteen (15) years from the date the Project receives its certificate of occupancy, Purchaser shall have the option of converting some or all the rental units into condominium Units that can be sold individually, provided the conversion of rental units is approved by Seller and is in compliance with all applicable laws and regulations. The units sold shall be affordable to Eligible Buyers based on a calculation acceptable to Seller. The units shall remain affordable to low-income households for a period of time acceptable to Seller, but generally not less than 35 years. Units sold shall be subject to deed restrictions, financing terms or other re-sale conditions, acceptable to Seller.

(c) Any Units that are not sold shall remain subject to the rental restrictions in the Covenant

(d) For purposes of this Agreement:

(1) A "low-income household" is a household with annual income at or below 60% of the Median Income.

(2) "Eligible Buyer" is a buyer of an Affordable Ownership Unit whose household annual income at the time of the buyer's purchase thereof shall be 80% or less of Median Income and who intends to occupy the Unit as its primary residence.

(3) "Median Income" means annual median family income, as



published from time to time by HUD, for the Seattle-Bellevue-Everett Primary Metropolitan Statistical Area, or for the Seattle-Bellevue-Everett Division of the Seattle-Tacoma-Bellevue Metropolitan Statistical Area, whichever is then generally used by HUD to establish income limits for federal programs, or such other area including Seattle as HUD may use from time to time for the purpose of publishing median income, and as adjusted for household size according to the method used by HUD for income limits in subsidized housing. If, at any time, Median Income for a household size cannot be determined under the foregoing sentence based on data published by HUD for the Seattle area within the most recent thirteen months, then the City may determine "Median Income" for such household size based on any data for the Seattle area or an area including Seattle, published or reported by a federal, state, or local agency, as the City shall select in its sole discretion, adjusted for household size in such manner as the City shall determine in its sole discretion.

(4) A rental unit is considered "affordable" if the cost of rent and utilities does not exceed 30% of household income. An Affordable Ownership Unit is considered "affordable" if the cost of mortgage principal and interest, property taxes, insurance and homeowner association dues and/or assessments does not exceed 35% of household income.

Section 4. Title Insurance

The Seller 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 from (individually and collectively, the "Title Commitment") from Pacific Northwest Title Company of Washington, Inc, Order no. 688147, dated January 5, 2009, along with all documents referenced in the Title Commitment. Any claims, liens, encumbrances and defects shown thereon are hereby approved and accepted by Purchaser, except for exceptions 5 and 6 regarding property tax exceptions. The items so approved are the "Permitted Exceptions." Prior to the date of Closing, the Seller shall not further encumber the Property, or permit additional encumbrances to attach to the Property, without the express written consent of Purchaser. If title to the Property is not insurable under a standard owner's policy on the date fixed for Closing free and clear of all liens, except for the Permitted Exceptions and any that may be created or suffered by Purchaser, then unless the Purchaser elects to accept the liens or the parties, by mutual written agreement, extend the date for Closing to allow the Seller or the Purchaser to remove such liens, this Agreement shall immediately terminate, in which case the Seller shall return the Earnest Money to Purchaser, and neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement (except pursuant to indemnity provisions, which survive termination of 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 Seller and the increased premium due from any increase in coverage.

Section 5. Conditions Precedent

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

1. Purchaser shall have obtained approval from the Director for any changes to the Schematic Design and Summary Description, and the Construction Documents consistent with the Schematic Design and Summary Description shall have been submitted to the Director, as provided in Sections 302, 303, and 304.
2. Purchaser shall have obtained the Master Use Permit for the development of the Property consistent with the Schematic Design and Summary Description and at a minimum the grading permit required to commence construction for the Project, shall have been issued by the DPD, or DPD shall have given notice that such permit is ready to issue.
3. Purchaser shall have provided evidence satisfactory to the Director that Purchaser has commitments for the necessary financing to fund the construction of the Project as provided in Section 306.
4. Purchaser shall have delivered to the Director a detailed financing plan, containing a development budget, noting sources and uses of funds, construction financing commitments and construction schedule, projected rental prices for all units, all in form and content acceptable to the Seller.
5. Purchaser shall have deposited with Pacific Northwest Title Company of Washington, Inc. or another escrow agent mutually agreed to in writing by the parties (the "Escrow Agent") for delivery to the Seller, the sum of money required to pay the cash portion of the Purchase Price 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. All necessary review under the State Environmental Policy Act and regulations thereunder ("SEPA") for the actions necessary to permit and construct the Improvements shall have been completed and the lead agency shall have finally determined that there are no probably significant adverse environmental impacts, or the Purchaser shall have agreed to such conditions as the City deems adequate, in its discretion, to mitigate any such impacts.
7. Purchaser's representations contained herein shall be true as of the Closing.



8. Purchaser shall have executed and delivered the Covenant, Note and Deed of Trust, and the Quitclaim Deed.

9. Purchaser shall otherwise be in compliance with all of the terms hereof.

The foregoing conditions are solely for the benefit of the Seller and may be waived at the Seller's sole option, but no waiver shall be valid unless signed by an authorized officer of the Seller. Unless all of the above conditions are satisfied or waived on or before the date set forth in Section 7.B below, the Seller shall have no obligation to convey the Property.

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

1. The Seller shall have deposited with the Escrow Agent the Deed and a properly completed and signed real estate excise tax affidavit.

2. The Seller shall have conducted all applicable environmental reviews to satisfy HUD requirements and either a Finding of No Significant Impact shall have been issued and approved by HUD, or a Final Environmental Impact Statement shall have been issued and the Seller shall have determined to proceed with this Agreement after evaluation of the environmental impacts.

3. Seller shall provide to Purchaser evidence satisfactory to Purchaser that Seller has conducted the Seller's Environmental Work (defined in Part II, section 201.C below) consistent with all applicable federal, state and local laws, regulations and other policies; and upon completion of the Seller's Environmental Work, Seller shall promptly cause to be provided to Ecology all remedial action reports, information and sampling data necessary for Ecology to process the request for a NFA Determination (defined in Part II, section 201.C below) with respect to the Property.

4. Purchaser shall have been granted its request for a re-zone of the Property consistent with Purchaser's application for master use permit and contract rezone submitted to the City's Department of Design and Permitting.

5. Title to the Property shall be insurable free and clear of all liens except for the Permitted Exceptions and any others created by Purchaser.

6. The Seller's representations contained herein relating to the Property shall be true as of Closing.

7. The Seller shall otherwise be in compliance with all of the terms hereof.



Section 6. Earnest Money

Immediately upon execution of this Agreement, Purchaser shall deposit with the Escrow Agent the amount of Five Thousand and 00/100 Dollars (\$5,000.00). This deposit and any interest accruing thereon shall be hereinafter referred to as the "Earnest Money". The Earnest Money shall be held by the Escrow Agent until such time as the Purchaser becomes entitled to return of such Earnest Money under the terms hereof, or until the Seller becomes entitled to retain such Earnest Money under the provisions of this Agreement. Earnest Money shall be credited to the Purchase Price at Closing.

Section 7. Closing; Effect of Failure to Close

- 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 Seller, which written notice (i) shall be delivered to the Seller at least ten (10) days in advance of the date for Closing specified in such written notice (the "Closing Date"), 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 June 30, 2011. Purchaser may request a six (6) months closing extension, which shall be approved by the Seller provided that the Purchaser has demonstrated a good faith effort in proceeding toward Closing in a timely manner, and other extensions which may be approved at the sole discretion of the Director, provided. If Closing does not occur by the date stated above, as it may be extended, then this Agreement shall terminate automatically without notice. At least five (5) days in advance of the Closing Date the Purchaser shall deliver to the Seller an original of the Deed, in the form attached as Exhibit D but with exhibit designations removed, signed by the Purchaser to evidence Purchaser's approval of the form thereof and Purchaser's agreement to the covenants therein. At least two (2) days in advance of the Closing Date, the Seller and Purchaser shall each deliver to the Escrow Agent for deposit into escrow all of the documents required by this Agreement as conditions to Closing, bearing all the original signatures called for therein, together with reasonable escrow instructions.
- C. At Closing, the Escrow Agent shall be instructed to record the Deed.
- D. The escrow fee charged in connection with this Closing shall be paid by the Purchaser. Any taxes, assessments or public charges that are payable with respect to the Property during the Seller's ownership thereof shall be prorated and paid by the Seller as of Closing. Purchaser shall pay the cost of recording the Deed and any documents required by Purchaser's financing.



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 B above, including allowable extension(s), for reasons other than those set forth in Sections 702 or 703, then the Earnest Money shall be returned to Purchaser, and the Purchaser shall pay directly to the escrow agent one half of any escrow fees and title insurance cancellation charges and the Seller shall pay one-half from the Seller's own funds. In that case neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement (except pursuant to indemnity provisions, which survive termination of this Agreement).

Part II

SUBPART 100 - COMPLIANCE WITH DESIGN AND SUMMARY DESCRIPTION

Section 101. Compliance with Schematic Design and Summary Description; Improvements

Purchaser shall develop the Property substantially as described in Exhibit E, "Schematic Design and Summary Description", as the same may be modified with the written consent of the Seller, and in compliance with all applicable state and local laws and regulations. The parties acknowledge that the Schematic Design and Summary Description represents the Purchaser's present preferred plan for the Property, that it has been consented to by the Seller, but that it is subject to revisions resulting from applicable reviews and processes, including City Design Review and environmental reviews, and that no City consent to, or approval of, the Schematic Design and Summary Description is final or effective prior to completion of required environmental review. Without limiting the foregoing, if after review under the State Environmental Policy Act or any other applicable environmental laws or ordinances, the City requires modifications to the Project in order to reduce or mitigate potential adverse impacts, the Purchaser shall promptly submit any necessary corresponding modifications to the Schematic Design and Summary Description, unless the Purchaser elects to terminate this Agreement within 15 business days after notice of the required modifications. Seller shall be deemed to have consented to any modifications to the Schematic Design and Summary Description, however the Seller's consent shall not be deemed with respect to any modified Schematic Design and Summary Description that does not preserve, in all material respects, the elements described in Exhibit E, including without limitation the amount and proportion of space devoted to residential use.

SUBPART 200 – ACCEPTANCE, CONDITION AND POSSESSION OF PROPERTY

Section 201. Acceptance AS IS Subject to Exceptions

A. Purchaser has inspected the Property and has had the opportunity to obtain inspections and reports of professionals, and specifically, the Purchaser has been provided (i) Phase I Environmental Site Assessment-12th and Jefferson Property, Seattle,



WA, January 27, 2009, by Camp Dresser & McKee Inc. (CDM); (ii) Phase II Environmental Site Assessment-12th & Jefferson Property, Seattle, WA, October 5, 2009 by CDM; (iii) Planning Level Remediation Cost Estimate, 12th & Jefferson Property, October 20, 2009, by CDM; (iv) Addendum to January 27, 2009 Phase I Environmental Site Assessment, December 10, 2009 by CDM; and (v) Summary of Investigative Findings, Former TOC Holdings Co. Facility No. 01-829, 1200 East Jefferson Street, April 28, 2010, by Sound Environmental Strategies (together, the "Environmental Reports"), and Purchaser expressly acknowledges the presence of hazardous substances in the soil and groundwater on and adjacent to the Property as described in the foregoing Reports. Except as specifically set forth in Part II, section 201 C. of this Agreement, Purchaser agrees to accept the Property AS IS, WITH ALL DEFECTS, and, except as specifically set forth herein, Purchaser ASSUMES THE RISK of any defects in the condition of the Property. Seller makes NO WARRANTIES OR REPRESENTATIONS OF ANY KIND except as may be set forth specifically in this Agreement. Purchaser agrees that any express or implied representations or warranties made by or on behalf of the Seller prior to this Agreement are hereby revoked and canceled and shall have no force or effect.

B. Without limiting the generality of the foregoing paragraph, Purchaser agrees that, except as may be specifically set forth in this Agreement, neither Seller nor any person for whom Seller may have any responsibility makes any representation, warranty or promise of any kind with regard to any of the following: (1) the physical condition of the Property (land, buildings, fixtures, or infrastructure), whether or not readily determined by inspection and whether or not information related to such condition is in the possession of the Seller; (2) the presence or absence of any underground tanks or any hazardous or defective substances or conditions on or about the Property, or on adjacent properties; (3) the history of the Property or activities that may have occurred or been conducted thereon or thereunder; (4) soils conditions or drainage; (5) square footage of land or buildings; (6) encroachments; or (7) location or condition of utility lines.

C. The Seller shall conduct or cause to be conducted a remedial action on the Property to address the presence of the Hazardous Substances on the Property as identified and disclosed in the Environmental Reports, to the extent required for the Property to meet the applicable cleanup standards for residential uses determined by the Washington State Department of Ecology ("Ecology") under Chapter 173-340 Washington Administrative Code (the "Seller's Environmental Work") and promptly request Ecology to issue an opinion that no further remedial action is necessary on the Property for the Hazardous Substances identified in the Environmental Reports ("NFA Determination"). Purchaser acknowledges that in order to secure the NFA Determination, Ecology may require institutional controls and/or deed restrictions on the Property. Purchaser shall have the right to review and approve of any such controls or restrictions prior to Seller agreeing to the same or recording the same in the real property records. In consideration of the foregoing Seller obligations, Purchaser assigns to the Seller any and all claims, causes of action and/or rights of recovery that it may have or may acquire after purchase of the Property to recover remedial action costs related to the remediation of the Hazardous Substances identified in the Environmental Reports from



any person(s) other than the Seller, as such costs are defined under the Washington State Model Toxics Control Act, ch. 70.105D RCW (MTCA) as amended, or the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq. (CERCLA) as amended, or any other federal or state Environmental Law. In consideration of such assignment of claims, causes of action and/or rights of recovery, The Seller shall complete the Seller's Environmental Work December 31, 2010 and shall request and make best good faith efforts to secure from Ecology an NFA Determination no later than May 31, 2011, time being of the essence. Seller shall indemnify, defend and hold Purchaser harmless from 1) Seller's failure to complete the Seller's Environmental Work in a manner consistent with all Environmental Laws; 2) the presence of any Hazardous Substances identified in the Environmental Reports on or under any property other than the Property to the extent those Hazardous Substances originated from or migrated from the Property; and 3) any re-contamination of the Property from the Hazardous Materials indentified in the Environmental Reports that have migrated or will migrate off the site and are not be remediated as part of the Seller's Environmental Work. Seller acknowledges that Purchaser is relying on Seller's completion of the Seller's Environmental Work prior to December 31, 2010 and its best good faith efforts to request and obtain the NFA Determination prior to May 31, 2011, that Purchaser will incur substantial development costs in reliance upon such promise, and that Seller's failure to complete the Seller's Environmental Work by such date shall be a breach of Seller's obligations hereunder and give rise to Purchaser's rights to reimbursement described in section 702.

D. The term "Hazardous Substances" in this Agreement shall mean any and all hazardous, toxic, infectious or radioactive substances, wastes or materials as defined or listed by any Environmental Law, and shall specifically include petroleum oil and its fractions.

E. The term "Environmental Law" in this Agreement shall mean any local, state or federal law or regulation, ordinance or order pertaining to the protection of human health and/or the environment," now or hereafter amended including, but not limited to: the Federal Clean Air Act; the Federal Clean Water Act; the Federal Safe Drinking Water Act; the Federal Comprehensive Environmental Response Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986; the Federal Resource Conservation and Recovery Act, as amended by the Solid and Hazardous Waste Amendments of 1984; the Federal Occupational Safety and Health Act; the Federal Emergency Planning and Right-to-Know Act of 1986; the Federal Hazardous Materials Transportation Control Act of 1980; the Federal Waste Management Recovery and Recycling Act; the Federal Toxic Substances Control Act; the Washington Hazardous Waste Management Act; Washington Model Toxics Control Act; the Washington Water Pollution Control Act; the Washington Underground Petroleum Storage Tanks Act; the Washington Industrial Safety and Health Act; the Washington Worker and Community Right to Know Act; the Washington Oil and Hazardous Substance Spill Prevention and Response Act; and any regulations promulgated there under from time to time.



F. Except as otherwise expressly provided herein, Purchaser hereby irrevocably releases and waives any and all claims that Purchaser has or may have against City and its officers, employees and agents with respect to the condition of the Property or arising pursuant to CERCLA, as amended, or MTCA, or any other environmental law. The provisions of this Section shall not be construed to limit in any way the scope of the release, covenants and indemnity obligations to be granted and assumed by the Purchaser under the Deed.

Purchaser and City by the initials below acknowledge that this Section has been specifically bargained for and that City would not be willing to sell the Property on the terms and conditions set forth in the rest of this Agreement without Purchaser's agreement to this Section.

Purchaser: _____

City: _____

Section 202. Changes in Condition

A. 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, except the environmental conditions set forth in the Environmental Reports referenced in Part II, section 201.A above and the pending re-zone of the Property pursuant to _____

B. If prior to Closing Seller becomes aware of any adverse change in the physical condition of the Property or any portion thereof after the date of this Agreement, or if Seller shall become aware of any Hazardous Substances on the Property not previously disclosed in the Environmental Reports (a "Seller-Discovered Changed Condition"), Seller shall notify Purchaser within ten (10) days of becoming aware of such Seller-Discovered Changed Condition, and in any event prior to Closing, notify the other party in writing of such Seller-Discovered Changed Condition.

C. If prior to Closing Purchaser becomes aware of any change in the physical condition of the Property or any portion thereof after the date of this Agreement, or if there shall be discovered material Hazardous Substances on the Property not previously disclosed in the Environmental Reports, in each case that would materially impair the feasibility of the Project or would substantially increase the costs of the Project (a "Purchaser-Discovered Changed Condition"), Purchaser shall within ten (10) days of becoming aware of such Purchaser-Discovered Changed Condition, and in any event prior to Closing, notify the other party in writing of such Purchaser-Discovered Changed Condition.



D. The term "Changed Condition" shall refer to either a Purchaser-Discovered Changed Condition or a Seller-Discovered Changed Condition or both.

1. If the Changed Condition is caused by Purchaser or its agents, employees or contractors, Purchaser shall have the option to either restore the Property to its prior condition, complete its purchase of the Property hereunder, or both.

2. If the Changed Condition is caused by the Seller or the City or their respective agents, employees or contractors, the Seller shall at its discretion (i) restore the Property to its prior condition and compensate Purchaser for Purchaser's direct and consequential damages caused by the Changed Condition or the City's restoration of the Property, or (ii) terminate this Agreement by written notice to Purchaser and return the Earnest Money and reimburse Purchaser for costs incurred by Purchaser in pursuit of the acquisition, development and financing of the Project, including but not limited to including but not limited to design and engineering fees, costs of surveys, environmental studies, geological studies, appraisals, market studies and other similar studies and reports, fees required to secure financing commitments, fees and costs of Purchaser's attorneys and attorneys for lenders and investors, to the extent such costs are contractually passed on to Purchaser, development fees payable to Purchaser or Purchaser's affiliate, and permitting and licensing fees.

3. If neither Purchaser nor Seller nor the City is responsible for the Changed Condition, then (i) if, within fifteen (15) days after Seller sends or receives written notice of the Changed Condition, Seller gives written notice to Purchaser that Seller elects to remedy the Changed Condition, then this Agreement shall remain in effect and Seller shall remedy the Changed Condition prior to Closing, or (ii) if Seller 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, either (A) to terminate this Agreement, in which case the City shall return the Earnest Money and neither party shall have any further obligation or liability to the other under this agreement (except pursuant to indemnity provisions, which survive termination of this Agreement), or (B) to assume the risk of the Changed Condition and complete the purchase of the Property.

C. Together with any notice required under this paragraph, each party shall, to the extent they have not already done so, provide the other party with a copy of any reports or findings in its possession or control 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

As between City and Purchaser, Purchaser's right to possession of the Property (subject to any rights of the City reserved in the Deed) shall be effective upon recording of the Deed.

Section 204. Licenses for Entry

At any time and from time to time prior to Closing and prior to any termination of this Agreement, the Purchaser may request access for Purchaser's employees, agents and contractors to the Property, for the purpose of conducting therein and thereon such inspections and studies as Purchaser may reasonably deem necessary or appropriate with respect to evaluating its condition and designing the Project. Purchaser shall make any such request in writing at least 5 days prior to the first date when it desires such access and shall state the specific purposes for entry on the Property, the names of any agents or contractors involved, and the nature of any tests or other activities intended. The City will not unreasonably withhold or delay consent to such entry for purposes within the scope of this Section, provided that Purchaser, and its agents or contractors if applicable, agrees in writing to terms and conditions substantially as contained in the form of Permit attached as Exhibit F. Any such Permit shall state a limited period during which entry is authorized and the specific purposes for which entry is permitted. The covenants, releases and indemnities of Purchaser and any such other person in such Permit(s) shall be in addition to, and not in substitution for, the covenants, waivers and indemnities hereunder, and shall survive the Closing or termination of this Agreement.

Section 205. Indemnification Regarding Entry.

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, and including but not limited to Purchaser's release of any Hazardous Substances thereon, but only to the extent such liability does not arise from the actions of the City.

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.

SUBPART 300 - PLANS, APPROVALS, FINANCING AND CONSTRUCTION

Section 301. Community Meetings on Design

If so requested by the Director, Purchaser agrees to periodically provide progress reports to the community and attend at least one community meeting, in addition to any meetings required by the MUP/Design Review process, 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 Project.

Section 302. Construction Documents

Purchaser shall prepare plans and specifications with respect to the construction of the Project (the "Construction Documents") substantially consistent with the approved Schematic Design and Summary Description all applicable state and local laws and regulations. The Construction Documents shall be sufficiently complete and detailed to satisfy requirements pertinent to application for a building permit to DPD but also to demonstrate to the Director that the Project will be in accordance with the previously approved Schematic Design and Summary Description.

Purchaser shall submit one set of the Construction Documents, together with a construction or progress schedule, to the Director at the same time as Purchaser submits the Construction Documents to DPD for the purpose of obtaining a building permit.

Section 303. Changes in Design or Construction Documents

The Director shall review the Construction Documents solely for the purpose of determining whether they substantially conform to the Schematic Design and Summary Description. The Director shall have ten (10) business days after receipt of the Construction Documents to notify the Purchaser in writing of any objections to the design as shown in the Construction Documents. Such written notice shall contain a statement of the specific reasons for such objection. Purchaser may within thirty (30) days after receiving Director's written notice of objection, 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 Design or Summary Description. If in the Director's judgment 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 in writing.

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 and the Seller may terminate this Agreement by written notice to Purchaser and the Escrow Agent, in which case the Earnest Money shall be returned to the Purchaser. Neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement (except pursuant to indemnity provisions, which survive termination of this Agreement).



Section 304. Permits

As a condition precedent to the Seller's obligation to sell the Property to the Purchaser, a Master Use Permit for the development of the Property consistent with the Schematic Design and Summary Description (as the same may have been modified with the consent of the Seller hereunder).

The Seller acknowledges that the development of the Project and the requirements of this Agreement necessitate that Purchaser apply for and obtain certain permits and other similar authorizations (collectively, the "Permits") from the Seller and other governmental agencies relating to the Property and the Project prior to Purchaser obtaining fee title to the Property. The term "Permits" shall include without limitation use permits; building permits; short plats and lot boundary adjustments and other similar authorizations and approvals; grading permits; shoring permits; permits for work in public rights-of-way; and utility permits.

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. Purchaser assumes the risk of inability to obtain any such approvals, consents, or permits, for any reason. No consent, approval or requirement contained in or made by the Director of Housing or her designees pursuant to this Agreement shall constitute the approval, consent, or Permit required for any regulatory or other City purpose, nor require the City to grant any such approval, consent, or Permit. No regulatory requirement, condition or recommendation related to any Permit shall constitute approval for any change in the Schematic Design and Summary Description or for any Construction Plans or changes therein, nor obligate the Director of Housing to grant any such approval. The Director will not unreasonably withhold approval of changes to the Schematic Design and Summary Description necessitated by the MUP/Design Review process.

Section 305. Timely Review of Changes in Design or Plans

If, with respect to any transmittal or submission of any changes to the Schematic Design and Summary Description or Construction Documents, the Director does not give Purchaser written notice of her objection thereto and reasons therefore within ten (10) business days of receiving such documents, then if the first page of the transmittal conspicuously stated the effect of this Section with express reference hereto, the documents as transmitted to the Director shall be deemed approved.

Section 306. Financing Commitment

Purchaser represents that Purchaser will use its best efforts to obtain a financing commitments ("Financing Commitments") from one or more lending entities (individually and collectively, the "Lender(s)") to finance the construction of the Project.



As a condition precedent to the Seller's obligations hereunder, Purchaser shall provide to the Office of Housing copies of Financing Commitments from the Lender(s), that demonstrate to the satisfaction of the Director that Purchaser will obtain all financing necessary to complete the Project in accordance with this Agreement, the Schematic Design and Summary Description and the Construction Documents, and that no term of any Financing Commitment is in material conflict with the terms of this Agreement, the Schematic Design and Summary Description or the Construction Documents.

PART III – GENERAL

SUBPART 400 - REGULATORY CONDITIONS

Section 401. Non-Discrimination; Fair Contracting Practices

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.

Each party is required to comply with the Fair Contracting Practices Ordinance of the City of Seattle (Ordinance 119601), as amended. Conduct made unlawful by that ordinance constitutes a breach of contract. Engaging in an unfair contracting practice may also result in the imposition of a civil fine or forfeiture under the Seattle Criminal Code as well as various civil remedies.

SUBPART 500 – PURPOSE OF PURCHASE; PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER

Section 501. Improvements

Purchaser represents and agrees that the purchase of the Property is for the purpose of constructing the Project, consistent with the Schematic Design and Summary Description and not for speculation in land holding.

Section 502. Transfer of Property and Assignment of Agreement

Prior to Closing, Purchaser shall not transfer this Agreement or any interest herein, except to an entity affiliated with and controlled by Purchaser, without the express written consent of the Seller, and subject to the foregoing exception for controlled affiliates of Purchaser, the Seller shall not be required to recognize any rights of any assignee to which it has not given express written consent.



After Closing, Purchaser shall not transfer title to all or any part of the Property without the advance written consent of the Seller, except for sales of condominium units consistent with this Agreement, until all requirements of Section 3.02 regarding initial sales of units shall have been satisfied.

SUBPART 700 - DEFAULT AND REMEDIES

Section 701. Default

Except as otherwise provided in this Agreement, in the event of any default under 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. This Section shall not affect the operation of Section 702 or 703 below, nor require any notice or opportunity to cure prior to exercise of remedies under those Sections.

Section 702. Remedies Upon Default of Seller before Closing

Except as otherwise provided in this Agreement, in the event that any of the following occurs:

- A. The Seller fails to tender conveyance of the Property or otherwise close the sale of the Property in the manner required herein after satisfaction of the conditions provided in this Agreement and by the Closing Date, and any such failure shall not be cured within thirty (30) days after notice from the Purchaser; or
- B. The Director fails or refuses to approve of Purchaser's Construction Documents pursuant to the terms of this Agreement without providing a written explanation for such refusal, and such failure or refusal is not cured within thirty (30) days after written notice thereof;
- C. Seller fails to complete the Seller's Environmental Work by December 31, 2010 and upon completion of the Environmental Work, promptly cause to be submitted a request, including necessary remediation reports, information and data, to Ecology to issue a NFA Determination;
- D. The Seller otherwise fails or refuses to comply with the terms and conditions of or is in default or breach of this Agreement prior to Closing, and does not cure such breach within sixty (60) days after written notice thereof, then Purchaser shall have the right to terminate this Agreement by notifying Seller in writing of its desire to do so, and upon such notice the Escrow Agent shall return the Earnest Money 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. Such termination, recovery of Earnest Money and proceeding for such damages shall be Purchaser's only remedies for breach or default by the City at or prior to Closing. As used herein, the term "out-of-pocket costs" excludes administrative or overhead costs, legal fees to the extent not incurred as part of the financing and development of the project, 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 before Closing

Except as otherwise provided in this Agreement, in the event that 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, other than to an affiliate of Purchaser controlled by Purchaser, without the express written consent of the Seller; or
- B. Purchaser does not submit Construction Documents acceptable to the Director as required by this Agreement or does not obtain the permits necessary to allow construction, 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 by the date required under Section 7; 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 on or before Noon on the date set for closing; or
- E. Purchaser, without legal excuse, otherwise fails to comply with the terms of or is in default or breach of this Agreement prior to Closing and does not cure such breach within sixty (60) days after written notice thereof, then at the option of the Seller this Agreement and any rights of Purchaser or of any assignee or transferee in this Agreement or arising therefrom with respect to the Seller or the Property shall be terminated upon receipt by Purchaser of written notice of such termination, and the Earnest Money shall be retained by the Seller. The Earnest Money is intended as liquidated damages and not as a penalty, and in case of termination under this Section retention of the Earnest Money shall be Seller's sole and exclusive remedy, and if the Purchaser's rights shall be terminated under this Section neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement (except pursuant to indemnity provisions, which survive termination of this Agreement).



Section 704. Other Rights and Remedies; 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, subject to express limits herein. 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. (Reserved)

Section 802. Seller's Representations and Warranties

For the purposes of inducing Purchaser to consummate the transactions contemplated hereby Seller represents and warrants to Purchaser, as of the date hereof and as of the Closing Date, as follows:

- A. Seller has full power, authority and legal right to execute, deliver and perform this Agreement, and all other documents and certificates contemplated hereby; the Seller has duly authorized the execution, delivery and performance thereof; and has authorized the person executing this Agreement to do so;
- B. Except as expressly provided herein, there is not pending or, to the best of Seller's knowledge, threatened (i) condemnation or similar proceedings with respect to the Property or any part thereof, (ii) legal action of any kind or nature, affecting the Property, which would enjoin or restrict the right of Seller to consummate the transactions contemplated hereby;
- C. The Property is not affected by any special assessment, whether or not a lien thereon, which has not or will not be paid in full by Seller prior to the Closing Date.
- D. Seller has conducted the Seller's Environmental Work in compliance with all applicable federal, state and local laws, and the Property meets the applicable "cleanup standards" for residential use of the Property, as that term is used in the Washington Administrative Code interpreting the Washington State Model Toxics Control Act, WAC sec. 173-340-740.



Section 803. Purchaser's Representations and Warranties

Purchaser represents and warrants that it is a duly organized and validly existing 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 804. Notices

A notice or communication under this Agreement by one party to any other party shall be in writing and 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: Capitol Hill Housing Improvement Program
c/o Betsy Hunter, Director of Real Estate Development
1406 - 10th Ave., Suite 101
Seattle, WA 98122

THE CITY: Director
City of Seattle Office of Housing
700 Fifth Avenue, Suite 5700
P.O. Box 94725
Seattle, WA 98124-4725

Section 805. Agreement Survives Conveyance

It is the intent of the parties hereto that the following provisions of this Agreement shall not be merged by reason of any deed transferring any interest in any real or personal property: 1, 2.01-2.03, 3.01-3.02, 101, 201, 203, 205, 304, 305, 306, 401, 501, 502, 701, 704, and 802-820, inclusive. Any such deeds shall not be deemed to in any way affect or impair any of the provisions, conditions, covenants, or terms of the foregoing Sections of this Agreement or the Exhibits referred to therein, except as otherwise provided in this Agreement.

Section 806. 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 Exhibits are by this reference incorporated into this Agreement.



Section 807. 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 808. Seller Approval and Consent

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

Section 809. 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 sale of the Property.

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. Venue of any action brought to interpret or enforce this Agreement shall be 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.

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. No other parties shall have any rights or remedies hereunder.



Section 815. Amendments

Amendments to this Agreement may be made only in writing, signed by the Seller and Purchaser. Amendments which are not fairly within the scope of the Ordinance referred to in the recitals to this Agreement 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, not to exceed 90 days, but nothing in this Section shall operate to extend the last date for Closing hereunder.

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 City of Seattle holiday, then the time of such performance shall be extended to the next day thereafter that is not a Saturday, Sunday or City of Seattle holiday.

Section 820. Exhibits

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

Exhibit A	Legal Description of the Property
Exhibit B	Intentionally Omitted



Exhibit C Intentionally Omitted
Exhibit D Form of Quit Claim Deed
Exhibit E Schematic Design and Summary Description

EXECUTED as of the day and year first above written.

CITY

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

By: _____
_____, Director
Office of Housing

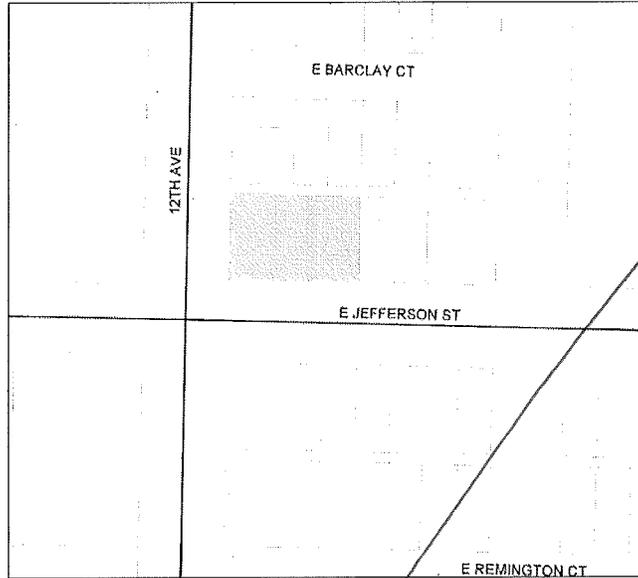
PURCHASER

CAPITOL HILL HOUSING IMPROVEMENT PROGRAM,
a Washington public corporation

By: _____
Name
Title



Exhibit A: Map and Legal Description of the Property



Parcels A and B, City of Seattle Short Plat Number 80-148, as recorded under Recording Number 8202030663, said short plat being more particularly described as follows:

Lots 13, 14, 15 and 16, Block "C", W.C. Squire's Replat of Block Eight of Squire Park Addition to the City of Seattle, according to the plat thereof recorded in Volume 10 of Plats, Page 18 records of King County, Washington; Except that portion thereof condemned for widening of 12th Avenue; situated in the City of Seattle.



Amy Gray/ASG
OH 12th & Jefferson Disposition ORD ATT 1 EXH B
July 30, 2010
Version #1

Exhibit B: Intentionally Omitted

Exhibit B to Attachment 1 to OH 12th & Jefferson Disposition ORD



Amy Gray/ASG
OH 12th & Jefferson Disposition ORD ATT 1 EXH C
July 30, 2010
Version #1

Exhibit C: Intentionally Omitted



Exhibit D: Form of Quit Claim Deed

After recording, return to:

Seattle Office of Housing
700 Fifth Avenue, Suite 5700
Seattle, WA 981124-4725
Attn: Mark Ellerbrook

**QUITCLAIM DEED SUBJECT TO CONDITION SUBSEQUENT / POWER OF TERMINATION,
with GRANTEE'S COVENANTS, RELEASES AND INDEMNITY**

Reference number of related documents: N/A

Grantor: The City of Seattle

Grantee: Capitol Hill Housing Improvement Program

Summary Legal Description:

Additional Legal Description:

Tax Parcel I.D.:

Grant. The City of Seattle, a Washington municipal corporation ("Grantor"), for and in consideration of TEN DOLLARS in hand paid, the covenants, releases and indemnity set forth herein, the Covenant for Low-Income Housing described below, and the other consideration described in that certain Purchase and Sale Agreement described below, hereby conveys and quit claims to Capitol Hill Housing Improvement Program, a Washington public corporation ("Grantee"), that certain real property located in the City of Seattle, King County, Washington, and legally described as follows ("Property"):

Parcels A and B, City of Seattle Short Plat Number 80-148, as recorded under Recording Number 8202030663, said short plat being more particularly described as follows: Lots 13, 14, 15 and 16, Block "C", W.C. Squire's Replat of Block Eight of Squire Park Addition to the City of Seattle, according to the plat thereof recorded in Volume 10 of Plats, Page 18 records of King County, Washington; Except that portion thereof condemned for widening of 12th Avenue; situated in the City of Seattle.

Pursuant to Seattle Ordinance _____, this deed is made subject to, and the Grantor reserves the rights and interests of The City of Seattle set forth in, that certain Covenant for Low-Income Housing granted by Grantee dated as of the date hereof and recorded on the date of recording hereof, which is incorporated herein by this reference.

Grantee's Covenants, Releases and Indemnity ("Covenant")

The Property is conveyed **AS-IS, WHERE-IS, WITH-ALL-FAULTS, AND WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, AS TO ITS**



CONDITION, ENVIRONMENTAL OR OTHERWISE, OR ITS SUITABILITY OR SUFFICIENCY FOR THE GRANTEE'S INTENDED USES AND PURPOSES.

Grantee acknowledges that adverse physical, economic or other conditions (including without limitation, adverse environmental soils and ground-water conditions), either latent or patent, may exist on the Property and assumes Grantor's responsibility for all environmental conditions of the Property, known or unknown, including but not limited to responsibility, if any, for investigation, removal or remediation actions relating to the presence, release or threatened release of any Hazardous Substance or other environmental contamination relating to the Property. Grantee also releases, covenants not to sue, and shall indemnify, defend, and hold Grantor and its past, present and future officials, employees, and agents, harmless from and against any and all claims, demands, penalties, fees, damages, losses, expenses (including but not limited to fees and costs of regulatory agencies, attorneys, contractors and consultants), and liabilities arising out of, or in any way connected with, the condition of the Property including but not limited to any alleged or actual past, present or future presence, release or threatened release of any Hazardous Substance in, on, under or emanating from the Property, or any portion thereof or improvement thereon, from any cause whatsoever; it being intended that Grantee shall so indemnify Grantor and such personnel without regard to any fault or responsibility of Grantor or Grantee. Grantee is aware of the rights it might otherwise have to seek recovery from Grantor for costs of remediation and cleanup of Hazardous Substances under applicable law, including without limitation the Washington Model Toxics Control Act ("MTCA") and the federal Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), and Grantee hereby knowingly waives all such rights, now existing or hereafter arising, and voluntarily relinquishes those rights and forever releases the Grantor from any such obligation. The obligation to complete all environmental investigation, removal or remediation of the Property and the acknowledgements, releases, and covenants herein touch and concern the Property, are intended to run with the land and bind Grantee and Grantee's heirs, successors and assigns, and inure to the benefit of Grantor and its successors and assigns.

For purposes of this **Covenant**, the term "Hazardous Substance" shall mean petroleum products and compounds containing them; flammable materials; radioactive materials; polychlorinated biphenyls ("PCBs") and compounds containing them; lead, asbestos or asbestos-containing materials in any friable form; underground or above-ground storage tanks; and any substance or material that is now is or hereafter becomes regulated under any federal, state, or local statute, ordinance, rule, regulation, or other law relating to environmental protection, contamination or cleanup.

Grantee's release and covenant not to sue shall include both claims by Grantee as original plaintiff against Grantor and any cross-claims, third-party claims or other claims against Grantor by Grantee based upon claims made against Grantee by any third parties. The obligation to indemnify and defend shall include, but not be limited to, any liability of Grantor to any and all federal, state or local regulatory agencies or other persons or entities for remedial action costs and natural resources damages claims. **This Covenant means that Grantee accepts the Property "as-is, where-is and with-all-faults," and that Grantee assumes all responsibility of Grantor to investigate, remove and remediate any environmental conditions on the Property and has no recourse against Grantor or any of its officers, employees or agents for any claim or liability with respect to the Property.** This Covenant shall apply regardless of whether or not Grantee is culpable, negligent or in violation of any law, ordinance, rule or regulation. Nothing herein shall release, discharge or affect any rights or causes of action that Grantor or Grantee may have against any other person or entity, except as otherwise expressly stated herein, and each of the parties reserves all such rights including, but not limited to, claims for contribution or cost recovery relating to any Hazardous Substance in, on, under or emanating from the Property.

Nondiscrimination. Grantee further covenants that there shall be no discrimination upon the basis of race, color, religion, sex, or national origin, in the sale, lease or rental, or in the use or occupancy, of the Property or any improvements erected or to be erected thereon. Both the Grantor and the United States of America shall be entitled to enforce this paragraph, which shall run with the land and bind Grantee and



Grantee's heirs, successors and assigns.

The terms of this Covenant are in addition to, and not in substitution for, those terms of the Purchase and Sale Agreement dated _____ between Grantor and _____, Grantee's assignor (the "Contract") that, by the terms of such Contract, survive the delivery of this deed.

Condition Subsequent / Power of Termination. This conveyance is subject to the following condition and power of termination which shall be binding on the Grantee and its successors and assigns, and to which Grantee agrees on behalf of Grantee and its successors and assigns:

1. **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, the estate conveyed under this deed and all rights of all persons claiming by or through Grantee, whereupon fee simple title to the Property shall revert entirely in Grantor or its governmental successors or assigns. The condition subsequent shall have occurred unless the following shall have occurred on or before _____: Grantee shall have obtained from the Seattle Department of Planning and Development ("DPD") the Certificate of Occupancy for the Property consistent with the Schematic Design and Summary Description.
2. **Certificate of Compliance.** Upon recording of a Certificate of Compliance duly signed by the Director of the Office of Housing of the Grantor, stating that the Grantee has timely satisfied the above requirement such that the condition subsequent cannot occur, or that if such requirements have not been timely satisfied they have been waived by the City, the condition subsequent in this deed shall be of no further force or effect.
3. **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.



Amy Gray/ASG
OH 12th & Jefferson Disposition ORD ATT 1 EXH D
July 30, 2010
Version #1

Executed this ____ day of _____, 20 __, pursuant to Ordinance _____ of The City of Seattle.

Grantor:

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

By: _____
_____, Director
Office of Housing

Grantee:

CAPITOL HILL HOUSING IMPROVEMENT PROGRAM,
a Washington public corporation

By: _____
Name
Title

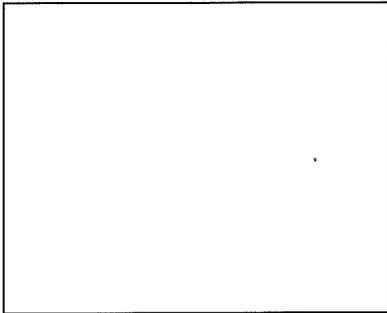


GRANTEE ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the _____ of _____, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Date: _____



Use this space for Notary Seal/Stamp

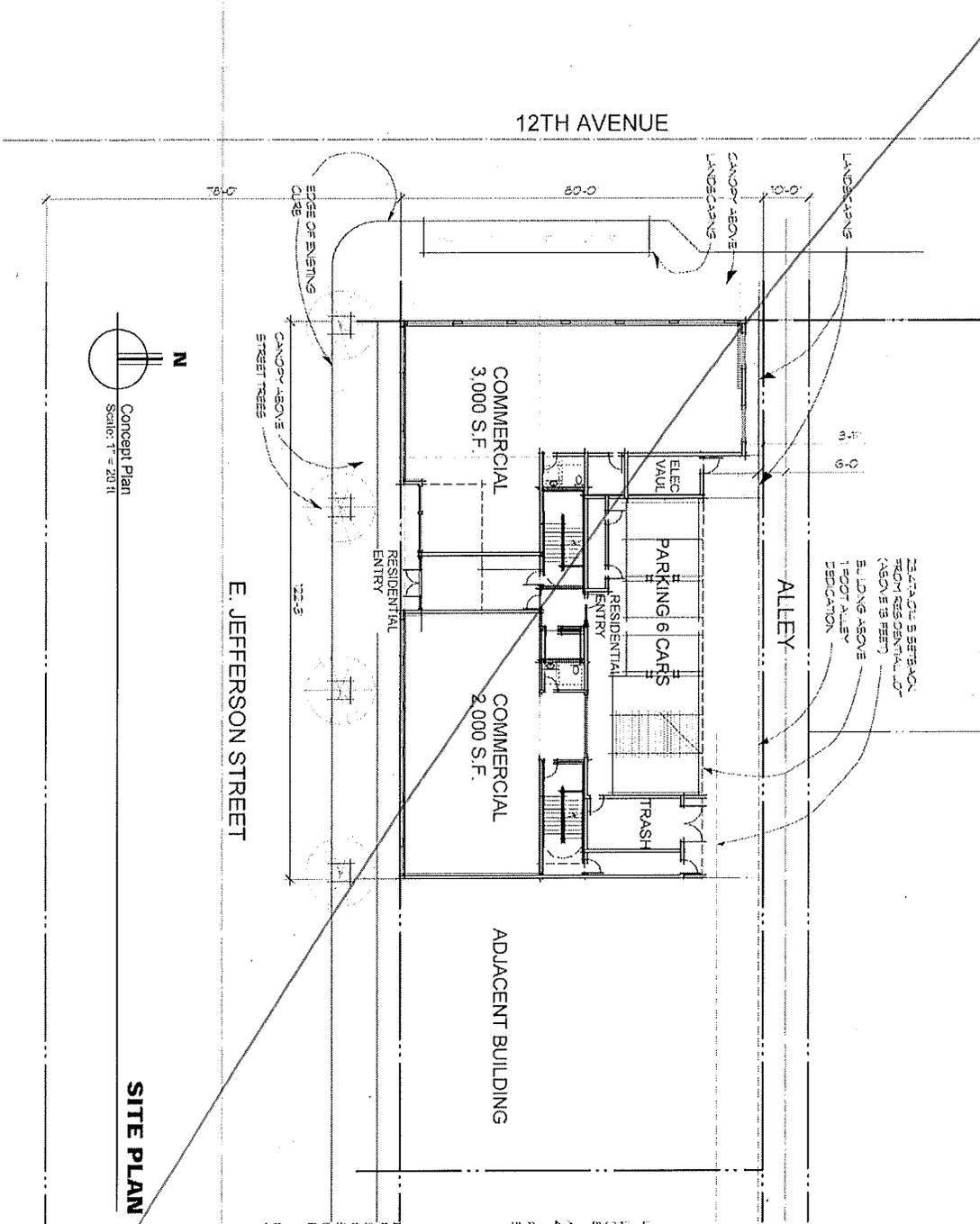
NOTARY PUBLIC in and for the State of
Washington residing at _____
My commission expires: _____
PRINT NAME: _____



Exhibit E: Schematic Design and Summary Description

The Project will consist of six stories of construction, with one level of commercial space at grade (approximately 5,000 square feet) over five floors of residential units. There will be at least 35 units of residential units available for households earning up to 60% of area median income. The residential units will be a mixture of one-bedroom and two-bedroom apartments, with at least 10 of the apartments consisting of two bedrooms.





N
 Concept Plan
 Scale: 1" = 20' 11"

SITE PLAN

12th + East Jefferson
 Workforce Housing

500 12th Avenue
 Seattle, WA 98122

March 25, 2009

Proj No. 06-023

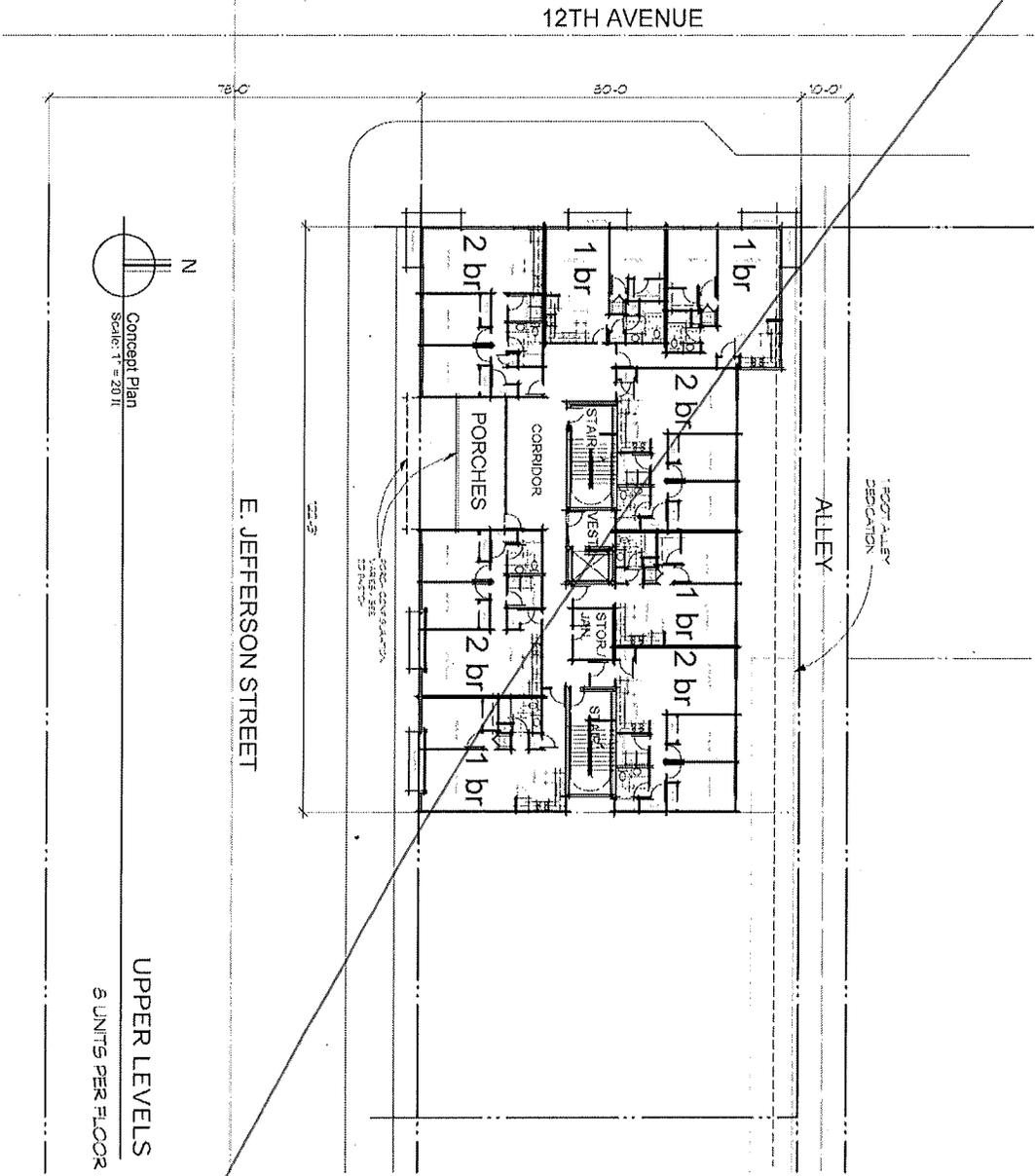


LEGAL DESCRIPTION:
 PAR. A, B & C OF SEA
 5P RES. COLL. PER REC
 R520200685
 50 SP GAR.
 LOTS 1B THRU 1S
 B.L.K. 1255 RD
 PARCEL NUMBER:
 79-4530765

LOT AREA: 79 X 122.3 = 9,657.3 S.F.
 LOT AREA
 (FOR PURPOSES OF PAR. C.A.L.S. (SEE 79-4530765):
 50 X 121.9 = 6,100 S.F.
 ALLOWABLE FAR: 4.75% X 9,172 S.F.
 46,545.25 S.F.
 PROPERTY ADDRESS:
 500 12TH AVENUE

ENVIRONMENTAL WORKS
 Environmental Works
 401 15th Avenue East
 Seattle, Washington 98112
 206.209.4200
 info@envworks.org





UPPER LEVELS
 6 UNITS PER FLOOR

12th + East Jefferson
 Workforce Housing

500 12th Avenue,
 Seattle, WA 98122

March 26, 2009

Proj. No. 08-023





COMMUNITY DESIGN CENTER
WORKFORCE HOUSING
 410 12th Avenue East
 Seattle, Washington 98112
 206.462.4444
 206.462.4444
 amy@cdcworkforce.org



PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "Agreement") is made as of _____, 2010, by and between the City of Seattle, a municipal corporation of the State of Washington (the "City" or "Seller"), and Capitol Hill Housing Improvement Program, a Washington public corporation (the "Purchaser"), whose address is 1401 10th Avenue, Suite 101, Seattle, Washington. The term "Seller" shall mean The City of Seattle only in its capacity as the Seller under this Agreement. The term "City" shall mean The City of Seattle in its other governmental capacities.

WHEREAS, the Seller is the owner of the legally described in the attached Exhibit A (the "Property"); and

WHEREAS, the Seller issued a competitive Request for Proposals ("RFP") to solicit proposals for redevelopment of the parcel; and

WHEREAS, in response to the RFP, the Purchaser submitted a proposal dated May 23, 2008 to acquire the parcel and construct housing units; and

WHEREAS, the Director of the City's Office of Housing determined that the Purchaser's proposal was complete and responsive to the Request for Developer Qualifications / Proposals, and recommended that the Mayor and City Council authorize by ordinance an agreement for the transfer of ownership of the City-owned property at 12th and Jefferson to Capitol Hill Housing or a designee approved by the Director; and

WHEREAS, by Ordinance _____ dated _____, 2010, the Seattle City Council authorized the Director of the Office of Housing ("Director") to execute, deliver, and administer a real estate purchase and sale agreement, which is this Agreement;

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

PART I

Section 1. Agreement to Buy and Sell Property.

On the terms and subject to the conditions of this Agreement, the Seller agrees to sell and convey to Purchaser, and Purchaser agrees to buy from the Seller, that certain real property located at 500 12th Avenue in the City of Seattle, commonly known as 12th and Jefferson and legally described on the attached Exhibit A (the "Property"), generally located as shown on the map included in Exhibit A. Such map is attached solely for convenience of reference and does not qualify in any way the description of the Property, nor constitute or evidence any representation or warranty of any kind as to the Property dimensions or boundaries, or any other information shown thereon, it being the intent of

THIS VERSION IS NOT ADOPTED

the parties that the Purchaser assume the risk of any discrepancies or inaccuracies in such map.

Section 2. Payment of Purchase Price; Conveyance; Security; Transfer of Property

2.01 Price and Form of Payment.

Purchaser agrees to pay to the Seller the sum of One Million, Twenty Eight Thousand and 00/100 Dollars (\$1,028,000.00) (the "Purchase Price") for the Property. The Purchase Price is payable as follows: Fifteen Thousand and 00/100 Dollars (\$15,000.00) in cash at Closing (defined in Section 7 below); and the balance pursuant to the terms of a non-recourse promissory note ("Note") in the form attached hereto as Exhibit B, which shall be executed by Purchaser and delivered to the Seller at Closing. The Note shall bear interest at a simple rate of 1% per annum.

2.02 Conveyance

Upon (i) the payment of the cash required at Closing under this Section 2 and all other amounts required to be paid by Purchaser at Closing hereunder, and (ii) the satisfaction of the conditions set forth in this Agreement, the Seller shall convey the Property, by Quitclaim Deed in the form attached hereto as Exhibit C (the "Deed"), which is hereby approved as to form by Purchaser.

2.03 Security for Note

A. The Note shall be secured by a deed of trust, assignment of rents, security agreement and fixture filing in favor of the Seller, in form and content acceptable to Seller and Purchaser, which shall be delivered at Closing and shall initially be a first lien on the Property (the "Deed of Trust").

B. Seller shall subordinate the lien of its Deed of Trust to the liens and covenants reasonably required for the Purchaser's financing of the development of the Property as contemplated in this Agreement (the "Project") with the sole exception of liens in favor of Purchaser or its affiliates. Any obligation of the Seller to subordinate its Deed of Trust to another lien is conditioned upon the delivery to Seller, at least 30 days in advance of the date when Purchaser desires a subordination agreement to be delivered, of the proposed form of subordination agreement and all documents related to the liens or encumbrances to which subordination is requested, as well as documents demonstrating to the satisfaction of the Seller that the conditions to subordination are satisfied or will be satisfied as of the date of deliver and recording of the subordination agreement. In addition, any subordination may be conditioned upon such changes to the form of subordination agreement as the Seller may require, and the issuance to the Seller of one or more endorsements to the Seller's title insurance policy, as the Seller may require. The Seller agrees to subordinate any reversionary interests under this Agreement, the Deed and the Deed of Trust as required for financing the development.

THIS VERSION IS NOT ADOPTED

2.04 Transfer to Subsequent Owner

The parties acknowledge that to complete the financing for the Project, the Purchaser intends to convey the Property to a limited liability company, limited partnership or limited liability limited partnership controlled by the Purchaser ("Company"). If

1. the Purchaser is otherwise in full compliance with the terms of this Agreement; and
2. the Seller receives such title insurance or endorsements thereto as the Seller may require,

then the Seller shall permit the conveyance of the Property to the Company, provided that the Company assumes all obligations of the Purchaser hereunder and subject to the prior satisfaction of any of the conditions of Part I, section 5 below that the Seller shall have waived as conditions to Closing.

Section 3. Low-Income Housing

3.01 Purpose of Sale; Purchaser to Make Diligent Efforts

Seller is selling the Property to Purchaser to enable the Purchaser promptly to construct a building and related improvements on the Property, consistent with this Agreement, according to the plans to be approved by the Seller. The improvements on the Property are to be used primarily as housing for low-income households. Purchaser shall make diligent efforts to pursue design work, financing applications, environmental reports, permit applications and all other steps necessary to construct and permanently finance improvements on the Property as described in this Agreement.

3.02 Units for Low-Income Households

A. As a condition of Seller's obligations at Closing, the Purchaser shall execute, acknowledge and deliver for recording a Low-Income Housing Covenant ("Covenant"), to be mutually agreed upon by Seller and Purchaser, committing to use of the Property to include no less than 35 units of housing to be rented to low-income households, with rents affordable to such households, for a minimum of 50 years, subject to the exception described in subsection B. in this Section below.

B. After an initial period of approximately fifteen (15) years from the date the Project receives its certificate of occupancy, Purchaser shall have the option of converting some or all the rental units into condominium units that can be sold individually, provided the conversion of rental units is approved by Seller and is in compliance with all applicable laws and regulations. The units sold shall be sold to, and affordable to, Eligible Buyers based on a calculation acceptable to Seller. The units shall remain affordable to low-income households for a period of time acceptable to Seller, but not less than 35 years. Units sold shall be subject to deed restrictions, financing terms or other re-sale

THIS VERSION IS NOT ADOPTED

conditions, acceptable to Seller.

C. Any units that are not sold in accordance with subsection B of this Section shall remain subject to the rental restrictions in the Covenant.

D. For purposes of this Agreement:

(1) A “low-income household” is a household with annual income, at the time of initial occupancy of a housing unit, at or below 60% of the Median Income.

(2) An “Eligible Buyer” is a buyer of an dwelling unit in the Property whose household annual income at the time of the buyer’s purchase thereof shall be 80% or less of Median Income and who intends to occupy the unit as the household’s primary residence.

(3) “Median Income” means annual median family income, as published from time to time by HUD, for the Seattle-Bellevue HMFA, or for the Seattle-Tacoma-Bellevue Metropolitan Statistical Area, whichever is then generally used by HUD to establish income limits for federal programs in Seattle, or such other area including Seattle as HUD may use from time to time for the purpose of publishing median income, and as adjusted for household size according to the method used by HUD for income limits in subsidized housing. If, at any time, Median Income for a household size cannot be determined under the foregoing sentence based on data published by HUD for the Seattle area within the most recent thirteen months, then the City may determine “Median Income” for such household size based on any data for the Seattle area or an area including Seattle, published or reported by a federal, state, or local agency, as the City shall select in its sole discretion, adjusted for household size in such manner as the City shall determine in its sole discretion.

(4) A rental unit is considered “affordable” if the cost of rent and utilities does not exceed 30% of household income. A unit sold for owner occupancy is considered “affordable” if the cost of mortgage principal and interest, property taxes, insurance and homeowner association dues and/or assessments does not exceed 35% of household income.

(5) “HUD” means the United States Department of Housing and Urban Development and any other department or agency that shall succeed to its function with respect to low-income rental housing.

Section 4. Title Insurance

4.01. The Seller shall at its expense provide Purchaser with an ALTA Standard Coverage Owner’s policy of title insurance, issued by Pacific Northwest Title Insurance

THIS VERSION IS NOT ADOPTED

Company, Inc. or another title insurance company reasonably acceptable to Purchaser ("Title Company") in the amount of the Purchase Price of the Property, insuring Purchaser as the sole fee title holder of the Property, subject to the Permitted Exceptions as defined below in this Section, the terms of the Deed, the Covenant, and the Deed of Trust.

4.02. Purchaser has reviewed a preliminary title commitment (the "Title Commitment") from Pacific Northwest Title Company of Washington, Inc, Order no. 688147, dated January 5, 2009, along with all documents referenced in the Title Commitment. Any claims, liens, encumbrances and defects shown thereon are hereby approved and accepted by Purchaser, except for exceptions 5 and 6 regarding property tax exceptions. The items so approved are the "Permitted Exceptions." Prior to the date of Closing, the Seller shall not further encumber the Property, or permit additional encumbrances to attach to the Property, without the express written consent of Purchaser. If title to the Property is not insurable under a standard owner's policy on the date fixed for Closing free and clear of all liens, except for the Permitted Exceptions and any that may be created or suffered by Purchaser, then unless the Purchaser elects to accept the liens or the parties, by mutual written agreement, extend the date for Closing to allow the Seller or the Purchaser to remove such liens, this Agreement shall immediately terminate, in which case the Seller shall return the Earnest Money to Purchaser, and neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement (except pursuant to indemnity provisions, which survive termination of this Agreement).

4.03. 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 Seller and the increased premium due from any increase in coverage.

Section 5. Conditions Precedent

5.01. The following are conditions precedent to the Seller's obligation to convey the Property:

A. Purchaser shall have obtained approval from the Director for any changes to the Schematic Design and Summary Description, and the Construction Documents consistent with the Schematic Design and Summary Description shall have been submitted to the Director, as provided in Sections 302 and 303 of Part II of this Agreement.

B. Purchaser shall have obtained a Master Use Permit ("MUP") for the development of the Property consistent with this Agreement and the Schematic Design and Summary Description, and at a minimum the grading permit required to commence construction for the Project, shall have been issued by the City's Department of Planning and Development ("DPD"), or DPD shall have given notice that such permit is ready to issue. The parties acknowledge that the

THIS VERSION IS NOT ADOPTED

issuance of a MUP for the Project depends upon a decision by the Seattle City Council to rezone the Property as requested by Purchaser, and that nothing in this Agreement constitutes any assurance or commitment as to any rezoning decision.

C. Purchaser shall have provided evidence satisfactory to the Director that Purchaser has commitments for the necessary financing to fund the construction of the Project as provided in Section 306.

D. Purchaser shall have delivered to the Director a detailed financing plan, containing a development budget, noting sources and uses of funds, construction financing commitments and construction schedule, projected rental prices for all units, all in form and content acceptable to the Seller.

E. Purchaser shall have deposited with Pacific Northwest Title Company of Washington, Inc. or another escrow agent mutually agreed to in writing by the parties (the "Escrow Agent") for delivery to the Seller, the sum of money required to pay the cash portion of the Purchase Price as stated under Section 2 of this Agreement and all other amounts payable by Purchaser hereunder in cash or cashier's check or by wire transfer.

F. All necessary review under the State Environmental Policy Act and regulations thereunder ("SEPA") for the actions necessary for the Project shall have been completed and the lead agency shall have finally determined that there are no probably significant adverse environmental impacts, or the Purchaser shall have agreed to such conditions as the City deems adequate, in its discretion, to mitigate any such impacts.

G. Purchaser's representations contained herein shall be true as of the Closing.

H. Purchaser shall have executed and delivered the Covenant, Note and Deed of Trust, the Deed, a properly completed and signed real estate excise tax affidavit, and if applicable under Part II, Subsection 2.01.C of Part II, an environmental covenant acceptable to the Department of Ecology.

I. Purchaser shall otherwise be in compliance with all of the terms hereof.

5.02. The conditions in Section 5.01 are solely for the benefit of the Seller and may be waived at the Seller's sole option, but no waiver shall be valid unless signed by an authorized officer of the Seller. Unless all of the conditions to the Seller's obligation are satisfied or waived in writing on or before the date set forth in Section 7.02 of Part I below, as it may be extended under that Section, the Seller shall have no obligation to convey the Property.

5.03. The following are conditions precedent to Purchaser's obligation to purchase the Property:

THIS VERSION IS NOT ADOPTED

1. The Seller shall have deposited with the Escrow Agent the Deed and a properly completed and signed real estate excise tax affidavit.
2. The Seller shall have conducted all applicable environmental reviews to satisfy HUD requirements and either a Finding of No Significant Impact shall have been issued and approved by HUD, or a Final Environmental Impact Statement shall have been issued and the Seller shall have determined to proceed with this Agreement after evaluation of the environmental impacts.
3. Purchaser shall have been granted its request for a re-zone of the Property consistent with Purchaser's application for a rezone submitted to DPD.
4. Title to the Property shall be insurable under a standard owner's policy free and clear of all liens except for the Permitted Exceptions and any others created or approved by Purchaser.
5. The Seller's representations contained herein relating to the Property shall be true as of Closing.
6. The Seller shall otherwise be in compliance with all of the terms hereof.
7. Purchaser shall have received the Completion Report from the Consultant pursuant to Section 2.01.C of Part II of this Agreement, and shall have stated in writing that it is satisfactory to Purchaser, or more than 30 days shall have passed from Purchaser's receipt of the Completion Report and Purchaser shall not have given notice of termination of this Agreement.

Section 6. Earnest Money

6.01 Deposit, Interest.

Immediately upon execution of this Agreement, Purchaser shall deposit with the Escrow Agent the amount of Five Thousand and 00/100 Dollars (\$5,000.00). This deposit and any interest accruing thereon shall be hereinafter referred to as the "Earnest Money". The Earnest Money shall be held by the Escrow Agent until such time as the Purchaser becomes entitled to return of such Earnest Money under the terms hereof, or until the Seller becomes entitled to retain such Earnest Money under the provisions of this Agreement. Earnest Money shall be credited to the Purchase Price at Closing.

Section 7. Closing; Effect of Failure to Close

7.01 Definition.

THIS VERSION IS NOT ADOPTED

“Closing” shall mean the execution, delivery and recording (as appropriate) of all documents and payment of all funds into escrow as provided herein.

7.02 Date of Closing.

Subject to the conditions on the parties’ obligations set forth herein, Closing shall take place on such date as the Purchaser shall specify in a written notice to the Seller (“Closing Notice”), which written notice (i) shall be delivered to the Seller at least ten (10) days in advance of the date for Closing specified in such written notice (the “Closing Date”), (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, and (iii) must provide for a Closing Date no later than June 30, 2011, except as provided below in this Section 7.02. Purchaser may request, on or before _____, a six (6) months closing extension, which shall be approved by the Seller provided that the Purchaser has demonstrated a good faith effort in proceeding toward Closing in a timely manner, and may request other extensions, which may be approved at the sole discretion of the Director. If Closing does not occur by the date stated above, as it may be extended, then this Agreement shall terminate automatically without notice.

7.03 Obligations Prior to Closing.

At least five (5) days in advance of the Closing Date the Purchaser shall deliver to the Seller an original of the Deed, in the form attached as Exhibit C but with exhibit designations removed, signed by the Purchaser to evidence Purchaser’s approval of the form thereof and Purchaser’s agreement to the covenants therein. At least two (2) days in advance of the Closing Date, the Seller and Purchaser shall each deliver to the Escrow Agent for deposit into escrow all of the documents required by this Agreement as conditions to Closing, bearing all the original signatures called for therein, together with reasonable escrow instructions.

7.04 Recording.

At Closing, the Escrow Agent shall be instructed to record the Deed, the Covenant, and the Deed of Trust. Recording of the deed shall constitute delivery to Purchaser.

7.05 Fees and Costs.

The escrow fee charged in connection with this Closing shall be paid by the Purchaser. Any taxes, assessments or public charges that are payable with respect to the Property during the Seller's ownership thereof shall be prorated and paid by the Seller as of Closing. Purchaser shall pay the cost of recording the Deed, the Deed of Trust, the Covenant, and any documents required by Purchaser's financing.

7.06 Failure to Close.

THIS VERSION IS NOT ADOPTED

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 Section 7.02 above, as it may be extended, for reasons other than those set forth in Sections 702 or 703, then the Earnest Money shall be returned to Purchaser, and the Purchaser shall pay directly to the escrow agent one half of any escrow fees and title insurance cancellation charges and the Seller shall pay one-half from the Seller's own funds. In that case neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement (except pursuant to indemnity provisions, which survive termination of this Agreement).

Part II

SUBPART 100 - COMPLIANCE WITH DESIGN AND SUMMARY DESCRIPTION

Section 101. Compliance with Schematic Design and Summary Description; Improvements; Modifications

Purchaser shall develop the Property substantially as described in Exhibit D, "Schematic Design and Summary Description", as the same may be modified with the written consent of the Seller, and in compliance with all applicable state and local laws and regulations. The parties acknowledge that the Schematic Design and Summary Description represents the Purchaser's present preferred plan for the Property, that it has been consented to by the Seller for purposes of this Agreement, but that it is subject to revisions resulting from applicable reviews and processes, including City Design Review and environmental reviews, and that no City consent to, or approval of, the Schematic Design and Summary Description is final or effective prior to completion of required environmental review. Without limiting the foregoing, if after review under the State Environmental Policy Act or any other applicable environmental laws or ordinances, the Director or any other City official requires modifications to the Project in order to reduce or mitigate potential adverse impacts, the Purchaser shall promptly submit any necessary corresponding modifications to the Schematic Design and Summary Description, unless the Purchaser elects to terminate this Agreement within 15 business days after notice of the required modifications. However, the Seller shall not be required to consent to any modified Schematic Design and Summary Description that does not preserve, in all material respects, the elements described in Exhibit D, including without limitation the amount and proportion of space devoted to residential use.

SUBPART 200 – ACCEPTANCE, CONDITION AND POSSESSION OF PROPERTY

Section 201. Acceptance AS IS Subject to Exceptions

THIS VERSION IS NOT ADOPTED

A. Purchaser has inspected the Property and has had the opportunity to obtain inspections and reports of professionals, and specifically, the Purchaser has been provided the following, referred to collectively as the "Reports": (i) Phase I Environmental Site Assessment-12th and Jefferson Property, Seattle, WA, January 27, 2009, by Camp Dresser & McKee Inc. (CDM); (ii) Phase II Environmental Site Assessment-12th & Jefferson Property, Seattle, WA, October 5, 2009 by CDM; (iii) Planning Level Remediation Cost Estimate, 12th & Jefferson Property, October 20, 2009, by CDM; (iv) Addendum to January 27, 2009 Phase I Environmental Site Assessment, December 10, 2009 by CDM; and (v) Summary of Investigative Findings, Former TOC Holdings Co. Facility No. 01-829, 1200 East Jefferson Street, April 28, 2010, by Sound Environmental Strategies, and Purchaser expressly acknowledges the presence of Hazardous Substances in the soil and groundwater on and adjacent to the Property as described in the Reports. Except as specifically set forth in Part II, Subsection 2.01.C of this Agreement, Purchaser agrees to accept the Property AS IS, WITH ALL DEFECTS, and ASSUMES THE RISK of any defects in the condition of the Property and of all the matters set forth in this Section. The City makes NO WARRANTIES OR REPRESENTATIONS OF ANY KIND except as may be set forth specifically in Part II, Subsection 2.01.C of this Agreement. Purchaser agrees that any express or implied representations or warranties made by or on behalf of the Seller prior to this Agreement are hereby revoked and canceled and shall have no force or effect.

B. Without limiting the generality of subsection A of this Section, Purchaser agrees that, except as may be specifically set forth in Part II, Subsection 2.01.C of this Agreement, neither Seller nor any person for whom Seller may have any responsibility makes any representation, warranty or promise of any kind with regard to any of the following: (1) the physical condition of the Property (land, buildings, fixtures, or infrastructure), whether or not readily determined by inspection and whether or not information related to such condition is in the possession of the Seller; (2) the presence or absence of any underground tanks or any hazardous or defective substances or conditions on or about the Property, or on adjacent properties; (3) the history of the Property or activities that may have occurred or been conducted thereon or thereunder; (4) soils conditions or drainage; (5) square footage of land or buildings; (6) encroachments; or (7) location or condition of utility lines.

C. The Seller has entered into an agreement ("Cleanup Agreement") dated August 20, 2010 with TOC Holdings Co. ("TOC"), a prior owner of the Property, under which TOC agrees to conduct or cause to be conducted a remedial action on the Property to address the presence of the Hazardous Substances on the Property as identified and described in the Reports, with a scope intended by Seller to meet the applicable cleanup standards for residential uses determined by the Washington State Department of Ecology ("Ecology") under Chapter 173-340 Washington Administrative Code. The Purchaser has reviewed the Cleanup Agreement and a remedial action plan ("Plan") prepared by a consultant retained by TOC ("Consultant"). Purchaser has authorized the Consultant to submit on Purchaser's behalf an application to DOE for participation in its Voluntary Cleanup Program with respect to the Property, and has submitted the Plan to DOE for that purpose. Purchaser has not agreed and does not agree to implement any

THIS VERSION IS NOT ADOPTED

part of the Plan, nor does Purchaser agree to pay for any costs to implement the Plan or any fees or costs of the Consultant. As between Seller and Purchaser, all costs of the Plan and of the Consultant are the obligation of Seller. Purchaser has authorized the Consultant to communicate directly with DOE, on behalf of Purchaser as proponent of the Plan, including the submission of a request, after completion of the remedial action, for a letter from DOE stating that that no further remedial action is necessary on the Property ("No Further Action determination"). Purchaser acknowledges, however, that DOE may decline to issue a No Further Action determination for the Property, and may require institutional controls and/or deed restrictions on the Property. Purchaser shall have the right to review and approve of any such controls or restrictions prior to Seller agreeing to the same or recording the same in the real property records. In consideration of the foregoing Seller obligations, Purchaser assigns to the Seller any and all claims, causes of action and/or rights of recovery that it may have or may acquire after purchase of the Property to recover remedial action costs related to the remediation of the Hazardous Substances identified in the Environmental Reports from any person(s) other than the Seller, as such costs are defined under the Washington State Model Toxics Control Act, ch. 70.105D RCW (MTCA) as amended, or the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq. (CERCLA) as amended, or any other federal or state Environmental Law. In consideration of such assignment of claims, causes of action and/or rights of recovery, The Seller shall complete the Seller's Environmental Work December 31, 2010 and shall request and make best good faith efforts to secure from Ecology an NFA Determination no later than May 31, 2011, time being of the essence. Seller shall indemnify, defend and hold Purchaser harmless from 1) Seller's failure to complete the Seller's Environmental Work in a manner consistent with all Environmental Laws; 2) the presence of any Hazardous Substances identified in the Environmental Reports on or under any property other than the Property to the extent those Hazardous Substances originated from or migrated from the Property; and 3) any re-contamination of the Property from the Hazardous Materials identified in the Environmental Reports that have migrated or will migrate off the site and are not be remediated as part of the Seller's Environmental Work. Seller acknowledges that Purchaser is relying on Seller's completion of the Seller's Environmental Work prior to December 31, 2010 and its best good faith efforts to request and obtain the NFA Determination prior to May 31, 2011, that Purchaser will incur substantial development costs in reliance upon such promise, and that Seller's failure to complete the Seller's Environmental Work by such date shall be a breach of Seller's obligations hereunder and give rise to Purchaser's rights to reimbursement described in section 702.

(1) Seller and Purchaser each shall promptly disclose to the other all communications between such party and DOE regarding the Property, and promptly provide the other party with copies of any written communications to or from DOE regarding the Property. Neither Purchaser nor Seller shall make or authorize any commitment to DOE with respect to the Property without the express written consent of the other party.

THIS VERSION IS NOT ADOPTED

(2) If Purchaser is not satisfied with the Completion Report, then Purchaser shall have the right, by written notice to the Seller within thirty (30) days after receipt of the Completion Report, to terminate this Agreement and receive a refund of all Earnest Money as well as other damages as may be described in section 702. If Purchaser states in writing that the Completion Report is satisfactory to Purchaser, or if Purchaser does not give timely notice of termination under this subsection 2.01.C(4), then as between Seller and Purchaser all obligations of the Seller with respect to remediation shall be conclusively deemed satisfied.

D. Nothing herein is intended to waive or impair any right or remedy that Purchaser or Seller may have against any third party related to any Hazardous Substances on or under the Property.

E. The term "Hazardous Substances" in this Agreement shall mean any and all hazardous, toxic, infectious or radioactive substances, wastes or materials as defined or listed by any Environmental Law, and shall specifically include petroleum oil and its fractions.

F. The term "Environmental Law" in this Agreement shall mean any local, state or federal law or regulation, ordinance or order pertaining to the protection of human health and/or the environment, as now in effect or hereafter amended, including, but not limited to: the Federal Clean Air Act; the Federal Clean Water Act; the Federal Safe Drinking Water Act; the Federal Comprehensive Environmental Response Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986; the Federal Resource Conservation and Recovery Act, as amended by the Solid and Hazardous Waste Amendments of 1984; the Federal Occupational Safety and Health Act; the Federal Emergency Planning and Right-to-Know Act of 1986; the Federal Hazardous Materials Transportation Control Act of 1980; the Federal Waste Management Recovery and Recycling Act; the Federal Toxic Substances Control Act; the Washington Hazardous Waste Management Act; Washington Model Toxics Control Act; the Washington Water Pollution Control Act; the Washington Underground Petroleum Storage Tanks Act; the Washington Industrial Safety and Health Act; the Washington Worker and Community Right to Know Act; the Washington Oil and Hazardous Substance Spill Prevention and Response Act; and any regulations promulgated there under from time to time.

G. Except as otherwise expressly provided herein, Purchaser hereby irrevocably releases and waives any and all claims that Purchaser has or may have against City and its officers, employees and agents with respect to the condition of the Property or arising pursuant to CERCLA, as amended, or MTCA, or any other environmental law. The provisions of this Section 2.01 shall not be construed to limit in any way the scope of the release, covenants and indemnity obligations to be granted and assumed by the Purchaser under the Deed.

THIS VERSION IS NOT ADOPTED

Seller by the initials below acknowledge that this Section 2.01 has been specifically bargained for and that Seller would not be willing to sell the Property on the terms and conditions set forth in the rest of this Agreement without Purchaser's agreement to this Section.

Purchaser: _____ Seller: _____

2.02 Changes in Condition

A. 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, except the environmental conditions set forth in the Reports referenced in Part II, Subsection 2.01.A.

B. If prior to Closing Seller becomes aware of any material adverse change in the physical condition of the Property or any portion thereof after the date of this Agreement, other than substantially as contemplated by the remediation Plan described in Section 2.01, or if Seller shall become aware of any Hazardous Substances on the Property not previously disclosed in the Reports (a "Seller-Discovered Changed Condition"), Seller shall notify Purchaser within ten (10) days of becoming aware of such Seller-Discovered Changed Condition, and in any event prior to Closing.

C. If prior to Closing Purchaser becomes aware of any change in the physical condition of the Property or any portion thereof after the date of this Agreement, other than from the remediation described in Section 2.01 above, or if Purchaser shall become aware of material Hazardous Substances on the Property not previously disclosed in the Reports, in each case that would materially impair the feasibility of the Project or would substantially increase the costs of the Project (a "Purchaser-Discovered Changed Condition"), Purchaser shall within ten (10) days of becoming aware of such Purchaser-Discovered Changed Condition, and in any event prior to Closing.

D. The term "Changed Condition" shall refer to either a Purchaser-Discovered Changed Condition or a Seller-Discovered Changed Condition or both.

1. If the Changed Condition is caused by Purchaser or its agents, employees or contractors, Purchaser shall have the option to either restore the Property to its prior condition, complete its purchase of the Property hereunder, or both.

2. If the Changed Condition is caused by the Seller or its agents, employees or contractors, the Seller 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 Seller's restoration of the Property, or (ii) terminate this Agreement by written notice to Purchaser and return the Earnest Money as well as other damages as may be described in section 702.

THIS VERSION IS NOT ADOPTED

3. If neither Purchaser nor the Seller is responsible for the Changed Condition, then (i) if, within fifteen (15) days after the Seller sends or receives written notice of the Changed Condition, the Seller gives written notice to Purchaser that the Seller elects to remedy the Changed Condition, then this Agreement shall remain in effect and the Seller shall remedy the Changed Condition prior to Closing, or (ii) if the Seller does not give written notice of such election within said fifteen (15) days, then Purchaser shall have the option, by written notice to the Seller no later than fifteen (15) days after sending or receiving notice of the Changed Condition, either (A) to terminate this Agreement, in which case the Seller shall return the Earnest Money and neither party shall have any further obligation or liability to the other under this agreement (except pursuant to indemnity provisions, which survive termination of this Agreement), or (B) to assume the risk of the Changed Condition and complete the purchase of the Property.

E. Together with any notice required under this Section 2.02, each party shall, to the extent they have not already done so, provide the other party with a copy of any reports or findings in its possession or control 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

As between City and Purchaser, Purchaser's right to possession of the Property (subject to any rights of the City reserved in the Deed) shall be effective upon recording of the Deed.

Section 204. Licenses for Entry

A. At any time and from time to time prior to Closing and prior to any termination of this Agreement, the Purchaser may request access for Purchaser's employees, agents and contractors to the Property, for the purpose of conducting therein and thereon such inspections and studies as Purchaser may reasonably deem necessary or appropriate with respect to evaluating its condition and designing the Project. Purchaser shall make any such request in writing at least 5 days prior to the first date when it desires such access and shall state the specific purposes for entry on the Property, the names of any agents or contractors involved, and the nature of any tests or other activities intended. The City will not unreasonably withhold or delay consent to such entry for purposes within the scope of this Section, provided that entry will not interfere with the remediation described in Section 2.01 of Part II, above or with the terms of the Cleanup Agreement, and provided that Purchaser, and its agents or contractors if applicable, agree in writing to terms and conditions, including indemnity and release provisions, in a form of permit for entry ("Permit") acceptable to Seller.

THIS VERSION IS NOT ADOPTED

B. The covenants, releases and indemnities of Purchaser and any such other person in any Permit(s), whether granted before or after execution of this Agreement, shall be in addition to, and not in substitution for, the covenants, waivers and indemnities hereunder, are not superseded by this Agreement, and shall survive the Closing or termination of this Agreement.

Section 205. Indemnification Regarding Entry.

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 the Property, and including but not limited to Purchaser's release of any Hazardous Substances thereon, but only to the extent such liability does not arise from the negligent or wrongful actions of the City.

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.

SUBPART 300 - PLANS, APPROVALS, FINANCING AND CONSTRUCTION

Section 301. Community Meetings on Design

If so requested by the Director, Purchaser agrees to periodically provide progress reports to the community and attend at least one community meeting, in addition to any meetings required by the MUP/Design Review process, 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 Project.

Section 302. Construction Documents

A. Purchaser shall prepare plans and specifications with respect to the construction of the Project (the "Construction Documents") substantially consistent with the approved Schematic Design and Summary Description all applicable state and local laws and regulations. The Construction Documents shall be sufficiently complete and detailed to satisfy requirements pertinent to application for a building permit to DPD and to demonstrate to the Director that the Project will be in accordance with the previously approved Schematic Design and Summary Description.

B. Purchaser shall submit one set of the Construction Documents, together with a construction or progress schedule, to the Director at the same time as Purchaser submits the Construction Documents to DPD for the purpose of obtaining a building permit.

THIS VERSION IS NOT ADOPTED

Section 303. Changes in Design or Construction Documents

A. The Director shall review the Construction Documents solely for the purpose of determining whether they substantially conform to the Schematic Design and Summary Description. The Director shall have ten (10) business days after receipt of the Construction Documents to notify the Purchaser in writing of any objections to the design as shown in the Construction Documents. Such written notice shall contain a statement of the specific reasons for such objection. Purchaser may within thirty (30) days after receiving Director's written notice of objection, 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 Design or Summary Description.. If in the Director's judgment 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 in writing.

B. 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 and the Seller may terminate this Agreement by written notice to Purchaser and the Escrow Agent, in which case the Earnest Money shall be returned to the Purchaser. Neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement (except pursuant to indemnity provisions, which survive termination of this Agreement).

Section 304. Permits

A. As a condition precedent to the Seller's obligation to sell the Property to the Purchaser, a Master Use Permit for the development of the Property consistent with the Schematic Design and Summary Description (as the same may have been modified with the consent of the Seller hereunder) must have been issued by the Department of Planning and Development (DPD), or DPD must have given notice that such permits are ready to issue.

B. The Seller acknowledges that the development of the Project 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 Project prior to Purchaser obtaining fee title to the Property. The term "Permits" shall include without limitation zoning changes, use permits; building permits; short plats and lot boundary adjustments and other similar authorizations and approvals; grading permits; shoring permits; permits for work in public rights-of-way; and utility permits.

C. 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

THIS VERSION IS NOT ADOPTED

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. Purchaser assumes the risk of inability to obtain any such approvals, consents, or permits, for any reason. No consent, approval or requirement contained in or made by the Director of Housing or her designees pursuant to this Agreement shall constitute the approval, consent, or Permit required for any regulatory or other City purpose, nor require the City to grant any such approval, consent, or Permit. No regulatory requirement, condition or recommendation related to any Permit shall constitute approval for any change in the Schematic Design and Summary Description or for any Construction Plans or changes therein, nor obligate the Director of Housing to grant any such approval. The Director will not unreasonably withhold approval of changes to the Schematic Design and Summary Description necessitated by the MUP/Design Review process.

Section 305. Timely Review of Changes in Design or Plans

If, with respect to any transmittal or submission of any changes to the Schematic Design and Summary Description or Construction Documents, the Director does not give Purchaser written notice of her objection thereto and reasons therefore within ten (10) business days of receiving such documents, then if the first page of the transmittal conspicuously stated the effect of this Section with express reference hereto, the documents as transmitted to the Director shall be deemed approved.

Section 306. Financing Commitment

A. Purchaser represents that Purchaser will use its best efforts to obtain financing commitments ("Financing Commitments") from one or more lending entities (individually and collectively, the "Lender(s)") to finance the construction of the Project.

B. As a condition precedent to the Seller's obligations hereunder, Purchaser shall provide to the Office of Housing copies of Financing Commitments from the Lender(s), that demonstrate to the satisfaction of the Director that Purchaser will obtain all financing necessary to complete the Project in accordance with this Agreement, the Schematic Design and Summary Description and the Construction Documents, and that no term of any Financing Commitment is in material conflict with the terms of this Agreement, the Schematic Design and Summary Description or the Construction Documents.

Section 3.07 Completion of Improvements.

Purchaser shall develop the Property with improvements substantially consistent with the Schematic Design and Summary Description, as it may be modified in accordance with this Agreement, and in compliance with all applicable state and local laws and regulations.

THIS VERSION IS NOT ADOPTED

PART III – GENERAL

SUBPART 400 - REGULATORY CONDITIONS

Section 401. Non-Discrimination; Fair Contracting Practices

A. 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.

B. Purchaser shall comply with the Fair Contracting Practices Ordinance of the City of Seattle, SMC Ch. 14.10, as amended. Conduct made unlawful by that ordinance constitutes a breach of contract. Engaging in an unfair contracting practice may also result in the imposition of a civil fine or forfeiture under the Seattle Criminal Code as well as various civil remedies.

**SUBPART 500 – PURPOSE OF PURCHASE; PROHIBITIONS AGAINST
ASSIGNMENT AND TRANSFER**

Section 501. Improvements

Purchaser represents and agrees that the purchase of the Property is for the purpose of constructing the Project, consistent with the Schematic Design and Summary Description, and not for speculation in land holding.

Section 502. Transfer of Property and Assignment of Agreement

A. Prior to Closing, Purchaser shall not transfer this Agreement or any interest herein without the express written consent of the Director, and the Seller shall not be required to recognize any rights of any assignee to which it has not given express written consent. The Director shall consent to assignment to an entity affiliated with and controlled by Purchaser if the Director finds such an assignment is necessary for financing of the Project.

B. After Closing, Purchaser shall not transfer title to all or any part of the Property without the advance written consent of the Seller, except for sales of condominium units consistent with this Agreement, until all requirements of Section 3.02 regarding initial sales of units shall have been satisfied.

THIS VERSION IS NOT ADOPTED

SUBPART 600 – {RESERVED}

SUBPART 700 - DEFAULT AND REMEDIES

Section 701. Default

Except as otherwise provided in this Agreement, in the event of any default under 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. This Section shall not affect the operation of Section 702 or 703 below, nor require any notice or opportunity to cure prior to exercise of remedies under those Sections.

Section 702. Remedies Upon Default of Seller before Closing

A. Except as otherwise provided in this Agreement, in the event that any of the following occurs:

1. The Seller fails to tender conveyance of the Property or otherwise fails to satisfy its obligation to close the sale of 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 thirty (30) days after notice from the Purchaser; or
2. The Director fails or refuses to approve of Purchaser's Construction Documents pursuant to the terms of this Agreement without providing a written explanation for such refusal, and such failure or refusal is not cured within thirty (30) days after written notice thereof; or
3. Seller fails to complete the Seller's Environmental Work by December 31, 2010 and upon completion of the Environmental Work, promptly cause to be submitted a request, including necessary remediation reports, information and data, to Ecology to issue a NFA Determination;
4. The Seller otherwise fails or refuses to comply with the terms and conditions of or is in default or breach of this Agreement prior to Closing, and does not cure such breach within sixty (60) days after written notice thereof,

then Purchaser shall have the right to terminate this Agreement by notifying Seller in writing of its desire to do so, and upon such notice the Escrow Agent shall return the Earnest Money to the Purchaser and Purchaser shall have the right, as its sole remedy, to

THIS VERSION IS NOT ADOPTED

proceed against the Seller for actual damages, limited to reasonable out-of-pocket costs directly related to development of the Property. Such termination, recovery of Earnest Money and proceeding for such damages shall be Purchaser's only remedies for breach or default by the Seller at or prior to Closing.

B. As used in this Section, the term "out-of-pocket costs" excludes administrative or overhead costs, excludes legal fees to the extent not incurred as part of the financing and development of the project, 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 before Closing

A. Except as otherwise provided in this Agreement, in the event that prior to the conveyance of the Property to Purchaser, any of the following occurs:

1. Purchaser (or any successor in interest) assigns or attempts to assign this Agreement or any rights therein or in the Property without the express written consent of the Seller; or
2. Purchaser does not submit Construction Documents acceptable to the Director as required by this Agreement or does not obtain the permits necessary to allow construction, in each case, in the manner and by the dates respectively provided in this Agreement; or
3. Purchaser gives notice that it will be unable or unwilling to close on the Property by the date required under Section 7.02 of Part I; or
4. Purchaser, without legal excuse, does not, on or before Noon on the date set for Closing in a Closing Notice, tender the full consideration for the Property;
5. Purchaser, without legal excuse, otherwise fails to comply with the terms of or is in default or breach of this Agreement prior to Closing and does not cure such breach within sixty (60) days after written notice thereof,

then at the option of the Seller, at any time thereafter, this Agreement and any rights of Purchaser or of any assignee or transferee in this Agreement or arising therefrom with respect to the Seller or the Property shall be terminated by written notice from Seller to Purchaser of such termination, and the Earnest Money shall be paid to and retained by the Seller.

B. The Earnest Money is intended as liquidated damages and not as a penalty, and in case of termination under this Section retention of the Earnest Money shall be Seller's sole and exclusive remedy. If the Purchaser's rights shall be terminated under this

THIS VERSION IS NOT ADOPTED

Section neither party shall have any further liability or obligation, of any kind whatsoever, to the other under this Agreement (except pursuant to indemnity provisions, which survive termination of this Agreement).

Section 704. Other Rights and Remedies; 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, subject to express limits herein. 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. (Reserved)

Section 802. Seller's Representations and Warranties

For the purposes of inducing Purchaser to consummate the transactions contemplated hereby Seller represents and warrants to Purchaser, as of the date hereof, as follows:

A. Seller has full power, authority and legal right to execute, deliver and perform this Agreement, and all other documents and certificates contemplated hereby; the Seller has duly authorized the execution, delivery and performance thereof; and has authorized the person executing this Agreement to do so;

Except as expressly provided herein, there is not pending or, to the best of Seller's knowledge, threatened (i) condemnation or similar proceedings with respect to the Property or any part thereof, (ii) legal action of any kind or nature, served on the City, affecting the Property, which would enjoin or restrict the right of Seller to consummate the transactions contemplated hereby;

B. The Property is not affected by any special assessment, whether or not a lien thereon, which has not or will not be paid in full by Seller prior to the Closing Date.

C. Seller has conducted the Seller's Environmental Work in compliance with all applicable federal, state and local laws, and the Property meets the applicable "cleanup standards" for residential use of the Property, as that term is used in the

THIS VERSION IS NOT ADOPTED

Washington Administrative Code interpreting the Washington State Model Toxics Control Act, WAC sec. 173-340-740.

THIS VERSION IS NOT ADOPTED

Section 803. Purchaser's Representations and Warranties

Purchaser represents and warrants that it is a duly organized and validly existing public corporation under the laws of the State of Washington, 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 804. Notices

A notice or communication under this Agreement by one party to any other party shall be in writing and 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:	Capitol Hill Housing Improvement Program c/o Betsy Hunter, Director of Real Estate Development 1406 - 10 th Ave., Suite 101 Seattle, WA 98122
THE CITY:	Director City of Seattle Office of Housing 700 Fifth Avenue, Suite 5700 P.O. Box 94725 Seattle, WA 98124-4725

Section 805. Agreement Survives Conveyance

It is the intent of the parties hereto that the following provisions of this Agreement shall not be merged by reason of any deed transferring any interest in any real or personal property: Part I Sections 1, 2.03-2.04, 3.01-3.02; Part II Sections 2.01, 2.04.B, 2.05, 3.01, 3.03, 3.04B and C, 3.05, 3.07; and Part III Sections 4.01, 4.02, 5.01, 5.02.B, 7.01, 7.04, and 8.01 – 8.20, inclusive. Any such deeds shall not be deemed to in any way affect or impair any of the provisions, conditions, covenants, or terms of the foregoing Sections of this Agreement or the Exhibits referred to therein, except as otherwise provided in this Agreement. In addition, if the Seller shall waive any provision hereof as a condition to Closing, then unless otherwise expressly agreed in writing the provisions shall survive as an obligation of the Purchaser to be performed within a reasonable time after Closing.

Section 806. Interpretation

THIS VERSION IS NOT ADOPTED

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.

Section 807. 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 808. Seller Approval and Consent

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

Section 809. 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 sale of the Property.

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. Venue of any action brought to interpret or enforce this Agreement shall be 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.

Section 814. No Third Party Beneficiaries

THIS VERSION IS NOT ADOPTED

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. No other parties shall have any rights or remedies hereunder.

THIS VERSION IS NOT ADOPTED

THIS VERSION IS NOT ADOPTED

Section 815. Amendments

Amendments to this Agreement may be made only in writing, signed by the Seller and Purchaser. Amendments which are not fairly within the scope of the Ordinance referred to in the recitals to this Agreement shall not be effective unless authorized by ordinance.

Section 816. Waiver of Rights Under RCW Chapter 64.06; Statutory Notice

To the full extent permitted by law, 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.

Pursuant to RCW ch. 64.06, Seller provides the following notice:

"This notice is to inform you that the real property you are considering for purchase may lie in close proximity to a farm. The operation of a farm involves usual and customary agricultural practices, which are protected under RCW 7.48.305, the Washington right to farm act."

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, not to exceed 90 days, but nothing in this Section shall operate to extend the last date for Closing hereunder.

Section 819. Calculation of Time

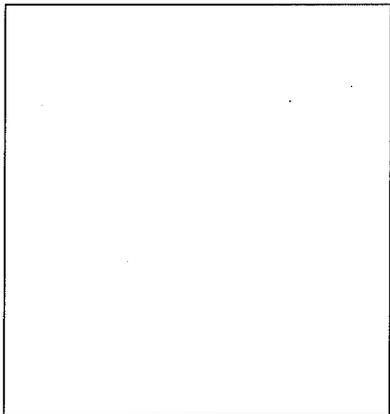
For purposes of this Agreement, a "business day" is any day that is not a Saturday, Sunday or City of Seattle holiday. If the time for performance of any of the terms, conditions and provisions hereof shall fall on a day that is not a business day, then the time of such performance shall be extended to the next business day thereafter.

Section 820. Exhibits

On this _____ day of _____, 20__, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known (or proved by satisfactory evidence) to be the _____ 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 purposes therein mentioned, and on oath stated that she was authorized to execute the said instrument.

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

Date
: _____



Use this space for Notary Seal/Stamp

NOTARY PUBLIC in and for the State
of
Washington residing
at _____
My commission
expires: _____
PRINT NAME: _____

THIS VERSION IS NOT ADOPTED



City of Seattle
Office of the Mayor

August 10, 2010

Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Bill that authorizes the sale of City-owned property to Capitol Hill Housing (CHH). The property is located at 12th Avenue and East Jefferson Street. CHH plans to develop no less than thirty-five rental units on the site.

The City purchased the property in 1989 as part of a larger purchase of properties in the 12th Avenue area from Seattle University. The 12th Avenue and East Jefferson property was originally under the jurisdiction of the Department of Neighborhoods, but in 2007 the Office of Housing was granted jurisdiction through Ordinance 122539. A Request for Proposals (RFP) process was conducted in 2008 and received two proposals, the successful one having been submitted by CHH. CHH will develop a mixed-use building with approximately 4,500 square feet of commercial space and at least 35 rental units on the site. The attached Council Bill approves conveyance of the site to CHH.

CHH has met extensively with neighbors around the site, both residential and commercial, and has presented the proposed development several times at meetings of the 12th Avenue Stewardship Council. Response to the proposed development has been positive. Community stakeholders are looking forward to a well-designed building on a site that has been vacant for more than 40 years.

Thank you for your consideration of this legislation. Should you have questions, please contact Mark Ellerbrook at 684-3340.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael McGinn'.

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

Michael McGinn, Mayor
Office of the Mayor
600 Fourth Avenue, 7th Floor
PO Box 94749
Seattle, WA 98124-4749

Tel (206) 684-4000
Fax (206) 684-5360
TDD (206) 615-0476
mike.mcgin@seattle.gov



STATE OF WASHINGTON – KING COUNTY

--SS.

261959
CITY OF SEATTLE, CLERKS OFFICE

No. TITLE ONLY

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.

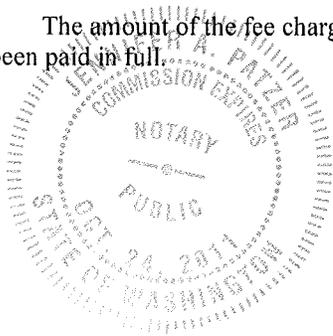
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:123415-419,421-424

was published on

10/20/10

The amount of the fee charged for the foregoing publication is the sum of \$ 136.50, which amount has been paid in full.



[Handwritten signature]

Subscribed and sworn to before me on

10/20/10

[Handwritten signature]

Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication

State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following legislation, passed by the City Council on October 4, 2010, and published here by title only, will be mailed upon request, or can be accessed at <http://clerk.seattle.gov>. For further information, contact the Seattle City Clerk at 684-8344.

ORDINANCE NO. 123415

AN ORDINANCE relating to a grant from the Washington State Department of Commerce allocated through the American Recovery and Reinvestment Act of 2009; accepting the grant funds, authorizing the City of Seattle's Office of Economic Development to execute related agreements, appropriating and authorizing the disbursement of grant funds to provide credit enhancement support, increasing appropriations in the 2010 Adopted Budget for the Office of Economic Development and Office of Sustainability and Environment, and ratifying and confirming prior acts.

ORDINANCE NO. 123416

AN ORDINANCE relating to City streets, renaming the segment of Airport Way South between 4th Avenue South and South Charles Street from Airport Way South to Seattle Boulevard South.

ORDINANCE NO. 123417

AN ORDINANCE relating to the Bridge Rehabilitation and Replacement project; and authorizing the Director of the Department of Transportation to acquire, accept, and record, on behalf of the City of Seattle, a permanent Maintenance Easement from SPO, LLC, a Washington limited liability company (SPO), for the purpose of inspecting, maintaining, cleaning, repairing, and replacing a wall supporting the north approach of the Airport Way South Viaduct (Viaduct) in connection with the Airport Way South Viaduct Over Argo Railroad Yard project.

ORDINANCE NO. 123418

AN ORDINANCE relating to the Mercer Corridor West Project; authorizing the execution of an agreement between The City of Seattle and IRIS Holdings, LLC, relating to the extension of Sixth Avenue North between Mercer and Harrison streets.

ORDINANCE NO. 123419

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

ORDINANCE NO. 123421

AN ORDINANCE relating to the sale of City real property for mixed-use development; authorizing the sale of the site located at 12th Avenue and East Jefferson Street to Capitol Hill Housing Improvement Program or its designee; authorizing the Director of the Office of Housing to execute, deliver, and administer the contract for sale of land, deed and related documents; authorizing other actions related to the use and disposition of the property; and ratifying and confirming prior acts.

ORDINANCE NO. 123422

AN ORDINANCE relating to Seattle Public Utilities; authorizing the transfer to King County of certain real property rights and sewer facilities under the jurisdiction of Seattle Public Utilities by quit claim and bill of sale, in partial satisfaction of City of Seattle obligations under the "Agreement for Sewage Disposal" dated January 26, 1961, between the City of Seattle and the Municipality of Metropolitan Seattle, as amended, and authorizing execution of deeds and other documents necessary to accomplish said transfer.

ORDINANCE NO. 123423

AN ORDINANCE relating to the "Agreement for Sewage Disposal" between the City of Seattle and the Municipality of Metropolitan Seattle dated January 26, 1961 and amended by "Supplemental Agreement No. 2" executed February 15, 1962; authorizing the Superintendent of Parks and Recreation to convey easements to King County over and through various park lands in partial satisfaction of City of Seattle obligations under the "Agreement for Sewage Disposal".

ORDINANCE NO. 123424

AN ORDINANCE relating to environmental review of the Alaskan Way Viaduct Replacement Project, and ratifying and confirming certain prior acts.

Publication ordered by the City Clerk
Date of publication in the Seattle Daily
Journal of Commerce, October 20, 2010.
10/20(261959)