REAL ESTATE PURCHASE AGREEMENT

This REAL ESTATE PURCHASE AGREEMENT ("Agreement") is made as of this _____ day of _____, 20___, by and between Snohomish County, a municipal corporation and political subdivision of the State of Washington ("Seller" or "County"), and the _____ ("Buyer"), with references to the following facts:

RECITALS

A. Seller is the owner of that certain real property located in Snohomish County, Washington, and legally described on Exhibit A (the "Property"). The Property contains approximately .78 acres.

B. Seller agrees, upon the terms and conditions set forth herein, to sell the Property to Buyer for TWO HUNDRED EIGHTY FIVE THOUSAND and 00/100 DOLLARS ($285,000).

AGREEMENT

NOW, THEREFORE, in consideration of the terms and conditions of this Agreement, and the mutual covenants herein contained, Buyer and Seller hereby agree as follows:

1. Description of The Property. Seller shall sell and convey to Buyer, and Buyer shall purchase and acquire from Seller, upon and subject to the terms and conditions set forth in this Agreement, the Property, which shall include: the land, together with any easements, appurtenances, rights, privileges, reversionary rights and improvements thereunto belonging or appurtenant to the Property.

2. Purchase Price. The purchase price to be paid by Buyer to Seller for the Property is TWO HUNDRED EIGHTY FIVE THOUSAND and 00/100 DOLLARS ($285,000.00) (the "Purchase Price"). Upon the execution of this Agreement (the "Effective Date"), Buyer shall deposit with Transnation Title and Escrow in Snohomish County, Washington (the "Escrow Agent" or "Title Company") a promissory note in the form attached as Exhibit B in the amount of TEN THOUSAND and 00/100 Dollars ($10,000) as an earnest money deposit (the "Earnest Money"), payable only in the event that Buyer defaults under this Agreement (the "Earnest Money Note"). On the Closing Date, Buyer shall convert the Earnest Money Note to cash to be applied toward the Purchase Price, and Buyer shall deposit with Escrow Agent the entire amount of the Purchase Price in cash, as adjusted for any amounts to be charged or credited against the Purchase Price in accordance with this Agreement.

3. Closing Date. The Due Diligence period is defined in Section 5(b). Within five (5) business days following the end of the Due Diligence period (the "Closing Date"), the closing of the purchase of the Property (the "Closing") shall be held at the offices of the Escrow Agent. The Closing shall occur when the Deed to Buyer is recorded and the Purchase Price is delivered to the Escrow Agent for delivery to Seller.

4. Title and Survey Matters.

(a) Deed Restriction. At Closing, the Deed delivered to Buyer shall contain the Deed Restriction as described below in Section 4(a)(i). In addition, Seller and Buyer shall execute a Deed Restriction and Covenant Agreement in the substantially the same form as Exhibit

C attached hereto (the "Deed Restriction Covenant Agreement") that shall describe the terms and conditions of Buyer's Power of Termination (as described in Section 4(a)(ii)). The Power of Termination and the Deed Restriction Covenant Agreement shall be Permitted Exceptions.

(i) It is the intent of the parties hereto that the Property is used to develop, construct, promote, support, and operate affordable transitional housing and provide supportive services for Veterans and/or Veterans and their families in Snohomish County. In conjunction with this intent, Buyer and Seller agree to include the following "Use Restriction" in the Deed to Buyer:

> "If during the period of forty (40) years from the date hereof, the Property is not used to provide no less than ten (10) low-income, transitional, rental housing units with supportive services for Veterans and/or Veterans and their families, or the construction, planning, preparation and operation thereof; or the Property is used for industrial uses or commercial uses (as defined in Snohomish County Code Chapter 30.91C.170) except as necessary to provide supportive services for tenants, then subject to the terms of the Deed Restriction Covenant Agreement dated the same date as this deed, the County shall have the right to re-enter and repossess the Property. Upon expiration of the forty (40) year period, this Use Restriction shall automatically terminate without the execution or recording of any documentation."

The County's right to re-enter and repossess the Property shall be referred to herein as "Power of Termination

(ii) The Deed Restriction Covenant Agreement shall be substantially in the form of Exhibit C attached hereto and, among other things, shall provide that if the County believes the Use Restriction has been violated, the County shall provide Buyer with written notice of such belief. If the Use Restriction has been violated as determined pursuant to the Deed Restriction Covenant Agreement, the County shall have the right to repurchase the Property and the Buyer for the Purchase Price stated herein, plus the initial cost of any improvements on the Property as determined pursuant to the terms of the Deed Restriction Covenant Agreement, less any unpaid balances owed to the County as provided in the Deed Restriction Covenant Agreement. Upon expiration of the forty-year period described in Section 4(a)(i) above, the Power of Termination and the terms in the Deed Restriction Covenant Agreement shall automatically terminate without the execution or recording of any additional documentation.

Notwithstanding the foregoing, after expiration of the Power of Termination and upon the request of either party, both parties shall duly execute and record a Termination of Deed Restriction Covenant Agreement, confirming the expiration of all of Seller's right, title and interest in the Property under the Power of Termination and the Deed Restriction Covenant Agreement. Further notwithstanding the foregoing, the provisions of Section 4(a) shall survive Closing.

(b) Conveyance. On the Closing Date, Seller shall convey to Buyer fee simple title to the Property by a duly executed and acknowledged Statutory Warranty Deed (the "Deed"), in substantially the form attached to this Agreement as Exhibit D, free and clear of all defects and encumbrances and subject only to the Deed Restriction Covenant Agreement and those exceptions that Buyer approves pursuant to Section 4(c) below (the "Permitted Exceptions").

(c) Development and Performance Agreement. At Closing, the Seller and Buyer shall sign the Development and Performance Agreement that defines the Property and improvement requirements the Buyer must meet in the development of the Property for the purposes of providing low-income rental housing for Veterans and/or Veterans and their families. The Development and Performance Agreement will also include the minimum operation requirements for the Property improvements constructed thereon by the Buyer for low-income rental housing for Veterans and/or Veterans and their families.

(d) Preliminary Commitment. Buyer shall order a preliminary commitment for an owner's standard coverage policy of title insurance in the amount of the Purchase Price to be issued by Title Company and accompanied by copies of all documents referred to in the commitment (the "Preliminary Commitment"). Buyer shall advise Seller by written notice what exceptions to title, if any, are objected to by Buyer ("Objections") within ten (10) days following the Effective Date or following the receipt of the Preliminary Commitment, whichever date is later, but in no event later than the Closing Date. If Buyer fails to give notice before the expiration of the ten (10) day period, or by the Closing Date, whichever is earlier, Buyer will be deemed to have approved the title exceptions identified in the Preliminary Commitment and all such exceptions shall be Permitted Exceptions. No later than seven (7) days after receipt of Buyer's notice, Seller may give Buyer notice that (i) Seller will remove Objections or (ii) Seller elects not to remove Objections. If Seller fails to give Buyer such notice, Seller will be deemed to have given Buyer notice as of the seventh (7th) day after receipt of Buyer's notice, or the Closing Date, whichever is earlier, that Seller elected not to remove any of the Objections. Notwithstanding the foregoing, Seller will be required to remove any monetary liens, monetary assessments or monetary encumbrances affecting the Property prior to or as of the Closing Date.

Immediately upon discovering the need to amend or add any exception to the Title Commitment, Escrow Agent shall notify Buyer and Seller. Within ten (10) business days after notice from Escrow Agent together with a copy of such intervening lien or matter, but in no event later than the Closing Date, Buyer shall notify Seller in writing of any objections thereto (the "Amendment Objections"). No later than seven (7) days after receipt of Buyer's notice, Seller may give Buyer notice that (i) Seller will remove Amendment Objections or (ii) Seller elects not to remove Amendment Objections. If Seller fails to give Buyer such notice, Seller will be deemed to have given Buyer notice as of the seventh (7th) day after receipt of Buyer's notice, or the Closing Date, whichever is earlier, that Seller elected not to remove any of the Amendment Objections.

(e) Title Objections. If Seller elects not to remove any non-monetary Objections or Amendment Objections, Buyer will have five (5) days from receipt of Seller's notice, but in no event later than the Closing Date, to notify Seller of Buyer's election either to proceed with the purchase and take the Property subject to those exceptions, in which case the Objections and Amendment Objections shall be deemed Permitted Exceptions, or to terminate this Agreement. If Seller gives notice that it will cause one or more non-monetary Objections or Amendment Objections to be removed but fails to remove any of them from title on or before the Closing Date, Buyer may either (i) elect to terminate this Agreement by written notice to Seller, or (ii) proceed with the purchase and take the Property subject to those exceptions, which shall be deemed Permitted Exceptions. If Buyer elects to terminate this Agreement under this Section 4(d), the escrow will be terminated, all documents and funds, including the earnest money note, will be returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement except as otherwise provided in this Agreement. If this

Agreement is terminated due to non-removal of an Objection or Amendment Objection after Seller has agreed to remove it, then Seller will pay any costs of terminating the escrow and any cancellation fee for the Preliminary Commitment.

(f) Title Policy. Buyer shall receive at Closing, at Seller's expense, an Owner's Standard Coverage Title Insurance Policy (ALTA 2006) with such endorsements as Buyer may request, issued by the Title Company to be furnished to Buyer ("Title Policy"). The Title Policy shall be issued in the amount of the total Purchase Price and shall insure fee simple title to the Property in Buyer, subject only to the Permitted Exceptions. Buyer's obligation to close this transaction shall be contingent on Buyer's receipt of such Title Policy. If Buyer so elects, Buyer may purchase extended coverage with the additional portion of the premium for extended coverage to be paid by Buyer.

5. Contingencies and Obligations.

(a) Investigation of the Property. Seller shall provide or make available to Buyer for inspection and copying to the extent available or within Seller's possession or control all documents and information pertaining to the Property, including, but not limited to, all soils reports and environmental studies, any existing surveys, architectural drawings or renderings, plans and specifications with respect to the Property except appraisals not performed in support of this transaction and other documents not available for public disclosure. Buyer and its employees and agents shall have the right from the date of this Agreement through Closing Date (or earlier termination of this Agreement) to enter upon the Property or any part thereof at reasonable times and from time to time upon providing two business days advance notice to the County and receiving the County's approval, which shall not be unreasonably, withheld, conditioned or delayed, for the purpose, at Buyer's cost and expense, of making all soil and other tests or studies under the provisions of this Agreement. If the County does not respond to the Buyer within the two-business-day period stated above, the County shall be deemed to have approved Buyer's entry upon the Property; provided, however, Buyer shall indemnify and hold harmless Seller from and against any mechanic's or other liens or claims that may be filed or asserted against the Property or Seller by any actions taken by Buyer in connection with the Property. Buyer's obligation to purchase the Property shall be subject to and contingent upon Buyer's inspection and approval, in its sole and absolute discretion, of the physical condition of the Property ("Property Inspection"), including, without limitation, the conducting of soil tests (including borings), toxic and hazardous waste studies, surveys, engineering, historical use, traffic and access studies, structural studies and review of zoning, SEPA requests, fire, safety and other compliance matters. Buyer shall correct any damage to the Property caused by the Property Inspection and shall return the Property to its condition prior to the Property Inspection.

(b) Due Diligence Period. As used herein, the term "Due Diligence Period" means the period ending on the earlier of (i) the date that is ninety (90) days from execution of this Agreement by both parties; or (ii) the date that is five (5) days after Seller's receipt of Buyer's written notice to terminate the Due Diligence Period prior to the end of the ninety (90) day period.

(c) Buyer's Right to Terminate. If the conditions set forth in Section 5(a) are not satisfied in Buyer's sole and absolute discretion, Buyer shall have the right, prior to the expiration of the Due Diligence Period, to terminate its rights and obligations under this Agreement by sending written notice to Seller (such notice referred to as a "Termination Notice"), and the

Earnest Money Note shall be returned to Buyer, and Buyer and Seller shall have no further rights or obligations under this Agreement except as otherwise provided in this Agreement.

6. Additional Closing Conditions.

(a) Buyer's obligation to purchase the Property shall be subject to the following conditions which must be satisfied by Seller as of Closing unless waived by Buyer at Closing:

(i) All representations and warranties of Seller contained herein shall be true, accurate and complete at the time of the Closing as if made again at such time;

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

(iii) At Closing, Seller shall deliver title to the Property in the condition required by Section 4 of this Agreement;

(iv) At Closing, the physical condition of the Property shall be the same as on the date hereof, except as changed by Buyer's due diligence activities and damage resulting from the weather or other acts of God;

(b) If the conditions set forth in Section 6(a) are not satisfied as of Closing and Buyer does not waive same, Buyer is entitled to return of the Earnest Money, and neither Buyer nor Seller shall have any further rights or obligations under this Agreement except as otherwise provided in this Agreement.

7. Seller's Representations and Warranties. Seller hereby makes the following representations and warranties, which representations and warranties shall be deemed made by Seller to Buyer also as of the Closing Date:

(a) Parties in Possession. There are no parties or trespassers in possession or which have a right to possession of all or any portion of the Property, and there are no leases, licenses, or encroachments affecting the Property;

(b) Foreign Person. Seller is not a foreign person and is a "United States Person" as such term is defined in Section 7701(a) (30) of the Internal Revenue Code of 1986, as amended (the "Code") and shall deliver to Buyer prior to the Closing an affidavit evidencing such fact and such other documents as may be required under the Code;

(c) Option to Acquire Premises. No person or entity has any right of first refusal or option to acquire any interest in the Property or any part thereof, and Seller has not sold or contracted to sell the Property or any portion thereof or interest therein other than as set forth herein;

(d) Sole Legal Owner. Seller is the sole legal fee owner of the Property, and is not holding fee title as a nominee for any other person or entity;

(e) Taxes. There are no governmental taxes, fees or other impositions on the Property except surface water management fees.

(f) Hazardous Substances. To the best of Seller's knowledge, the Property is not in violation of any law, ordinance, rule or regulation relating to the environmental conditions thereon. Moreover, to the best of Seller's knowledge, there is no hazardous waste or other substance, including but not limited to those that would be a hazardous waste, material or substance, toxic substance, gas or pollutant, as defined under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et. seq., the Washington Model Toxics Control Act, RCW Ch. 70.105D, RCW Ch. 70.95, and the regulations promulgated thereunder or under any applicable local or state environmental ordinance, statute, law, rule or regulation ("Hazardous Substances"), on or about the Property or on any parcels of land which abut the Property, except as disclosed in Exhibit D and the reports and other documents referenced therein, which shall be provided to the Buyer upon execution of this Agreement. Further, to the best of Seller's knowledge: (i) there has been no release, spill, leak, discharge, emission, leak or disposal, (ii) there are no substances or conditions, in or on the Property or any other parcels of land which may affect the Property or use thereof which may support a claim or cause of action under any federal, state or local environmental statute, regulation, ordinance or other environmental regulatory requirements and (iii) there is no asbestos, PCBs or underground storage tanks located on the Property or which have been removed there from, except as disclosed in Exhibit E and the reports and other documents referenced therein.

(g) Indemnification. Seller agrees to indemnify, hold harmless and defend the Buyer, its appointed officials, officers, employees, agents and representatives, from and against any and all claims, actions, suits, liability, loss, cost, expenses and damages of any nature whatsoever, including costs and attorneys' fees, which are caused by or arise out of (i) the existence of Hazardous Substances on the Property or the migration of Hazardous Substances originally released or deposited on the Property onto other parcels of land; (ii) the Seller's failure or insufficient compliance with any federal, state or local laws applicable to Hazardous Substances; or (iii) any claim, in law or equity, brought by any third party or the Seller's own officials, officers, employees, agents or representatives alleging any cause of action relating to the existence of Hazardous Substances on the Property or any migration of Hazardous Substances originally released or deposited on the Property onto other parcels of land, and, with respect to (i), (ii) and (iii), that existed, or in the case of migration commenced due to a condition that existed, as of or prior to the Closing Date and did so in violation of Seller's representations set forth in Section 7(f).

8. Closing.

(a) Time and Place. Provided that all the contingencies set forth in this Agreement have been previously fulfilled, the Closing shall take place at the place and time determined as set forth in Section 3 of this Agreement.

(b) Documents to be delivered by Seller. For and in consideration of, and as a condition precedent to, the payment to Seller of any of the Purchase Price, Seller shall obtain and deliver to Buyer at Closing the following documents (all of which shall be duly executed and acknowledged where required):

(i) Statutory Warranty Deed. A Statutory Warranty deed ("Deed") in recordable form and otherwise in form and substance reasonably acceptable to Buyer containing the legal description of the Property in such form as will convey to Buyer a good and marketable title in fee simple to the Property, free and clear of all liens, encumbrances, conditions, easements, assignments, and restrictions, except for the Permitted Exceptions, which include the UseRestriction and Power of Termination as described in Section 4(a);

(ii) Title Documents. Such other documents, including, without limitation, lien waivers, indemnity bonds, and indemnification agreements as shall be reasonably required by the Title Company as a condition to its insuring Buyer's good and marketable fee simple title to the Property free of any exceptions, other than the Permitted Exceptions and the Use Restriction and Power of Termination;

(iv) Excise Tax Affidavit. An excise tax affidavit for filing with the Snohomish County Auditor at the time of recording Deed;

(v) FIRPTA Affidavit. The affidavit of non-foreign status described in Section 7(b) of this Agreement, as required by federal tax law;

(vi) Title Policy. The Title Policy referred to in Section 4(f) of this Agreement.

(vii) Deed Restriction Covenant Agreement. An executed original counterpart of the Deed Restriction Covenant Agreement.

(c) Items to be Delivered by Buyer. Buyer shall deliver the Purchase Price.

(d) Payment of Costs. Seller and Buyer shall pay their own respective costs incurred with respect to this Agreement and the consummation of the purchase and sale of the Property including, without limitation, their own respective attorneys' fees. Notwithstanding the foregoing:

(i) Seller shall pay the costs of a standard owner's title policy and Buyer shall pay the costs, if any, of the extended coverage of the Title Policy;

(ii) Buyer shall pay all recording fees;

(iii) Buyer and Seller shall each pay one-half of the escrow fees;

(iv) Seller shall pay any real estate excise tax due on the transaction.

(e) Real Property Taxes, Assessments, and Utility Charges. Seller is exempt from paying real property taxes. Any assessments and/or utility charges against the Property will be pro-rated at Closing. Buyer will be responsible for paying real property taxes, assessments, and/or utility charges if any, from the date of Closing.

(f) Monetary Liens. Seller shall pay or cause to be satisfied at or prior to Closing all monetary liens created by or arising through Seller on or with respect to all or any portion of the Property, including, but not limited to, mortgages, deeds of trust, security agreements,

assignments of leases, rents and/or easements, judgment liens, tax liens (other than those for taxes not yet due and payable) and financing statements.

9. Notices. Unless applicable law requires a different method of giving notice, any and all notices, demands or other communications required or desired to be given hereunder by any party (collectively, "notices") shall be in writing and shall be validly given or made to another party if delivered either personally or by Federal Express or other overnight delivery service of recognized standing, or if deposited in the United States mail, certified, registered, or express mail with postage prepaid. If such notice is personally delivered, it shall be conclusively deemed given at the time of such delivery. If such notice is delivered by Federal Express or other overnight delivery service of recognized standing, it shall be deemed given twenty-four (24) hours after the deposit thereof with such delivery service. If such notice is mailed as provided herein, such shall be deemed given forty-eight (48) hours after the deposit thereof in the United States mail. Each such notice shall be deemed given only if properly addressed to the party to whom such notice is to be given as follows:

To Seller: Snohomish County
Property Management
3000 Rockefeller Ave M/S 404
Everett, WA 98201
Attn: Cherie Hutchins

To Buyer: _____

_____

_____

_____

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

10. Survival of Representations and Warranties. All representations, warranties, covenants indemnities, and agreements of the parties contained in this Agreement, or in any instrument or other writing provided for herein, shall survive the Closing.

11. Event of Default. In the event of a default under this Agreement by Seller (including a breach of any representation, warranty or covenant set forth herein), Buyer shall be entitled (a) in addition to all other remedies, to seek monetary damages and specific performance of Seller's obligations hereunder; or (b) to terminate this Agreement by written notice to Seller and Escrow Agent. In the event of a breach or default by Buyer without any default by Seller or failure of any condition to Buyer's obligations hereunder, Seller's sole and exclusive remedy shall be to recover liquidated damages from Buyer in the amount of the Earnest Money. The parties acknowledge that in the event of such default by Buyer, Seller will have incurred substantial but unascertainable damages and that therefore the provision herein for liquidated damages is a valid one.

12. Termination. In the event of a termination of this Agreement for any reason, the escrow will be terminated, all documents and funds will be returned to the party who deposited them except as otherwise provided herein, and neither party will have any further rights or obligations under this Agreement except as otherwise provided in this Agreement.

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

14. Miscellaneous.

(a) Applicable Law and Venue. This Agreement shall in all respects, be governed by the laws of the State of Washington, and any action at law or equity to enforce or interpret its terms shall be filed in the Superior Court, Snohomish County, Washington.

(b) Further Assurances. Each of the parties shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of its obligations hereunder, to carry out the intent of the parties hereto.

(c) Modification or Amendment. No amendment, change or modification of this Agreement shall be valid, unless in writing and signed by all of the parties hereto.

(d) Assignment. This Agreement may not be assigned without the prior written consent of all parties.

(e) Successors and Assigns. All of the terms and provisions contained herein shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(f) Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties with respect to its subject matter and any and all prior agreements, understandings or representations with respect to its subject matter are hereby canceled in their entirety and are of no further force or effect.

(g) Attorneys' Fees. Should either party bring suit to enforce this Agreement, the prevailing party in such lawsuit shall be entitled to an award of its reasonable attorneys' fees and costs incurred in connection with such lawsuit.

(h) Interpretation. This Agreement has been submitted to the scrutiny of all parties and their counsel, if desired, and it shall be given a fair and reasonable interpretation in accordance with its words, without consideration to or weight given to its being drafted by any party or its counsel. The captions and paragraph headings used in this Agreement are inserted for convenience of reference only and are not intended to define, limit or affect the interpretation or construction of any term or provision hereof.

(i) Counterparts. This Agreement may be signed in counterparts and all of such counterparts when properly executed by the appropriate parties thereto together shall serve as a fully executed document, binding upon the parties.

Dated as of the date first written above.

SELLER:

SNOHOMISH COUNTY

By _____
Aaron Reardon, County Executive

STATE OF WASHINGTON)
) ss
COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that _____, is the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument, on oath stated that (he/she/they) was (were) 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.

Dated: _____

_____
Notary Public in and for the State of Washington
residing at _____
Appointment Expires: _____

APPROVED AS TO FORM:

_____
Steven Bladek, Deputy Prosecuting Attorney

GRANTEE:

By _____
Its _____

STATE OF WASHINGTON)
) ss
COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that _____, is the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument, on oath stated that (he/she/they) was (were) 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.

Dated: _____

_____
Notary Public in and for the State of Washington
residing at _____
My commission expires_____

EXHIBIT A

Legal Description of the Property

EXHIBIT B

[Form of Earnest Money Note]

EXHIBIT C

DEED RESTRICTION COVENANT AGREEMENT

EXHIBIT D

STATUTORY WARRANTY DEED FORM

EXHIBIT E

Hazardous Substance Disclosures

Known substances on the Property:

1.
2.
3.
4.

Reports and Other Documents Provided:

1.
2.
3.
4.