



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

May 17, 2010

Ordinance 16836

Proposed No. 2010-0260.1

Sponsors Patterson

1 AN ORDINANCE approving King County's sale of a
2 surplus parcel of improved residential property situated in
3 rural King County within council district nine, also known
4 as the Rolph Property.

5 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

6 **SECTION 1. Findings:**

7 A. King County's department of transportation, roads services division ("RSD")
8 is custodian of a 5.01-acre residential parcel located at 22629 SE 206th Street in the
9 Maple Valley area ("the Rolph Property"). The site was purchased by the RSD as part of
10 the Taylor Creek Restoration Project. It is zoned R-5 and has available electricity but no
11 sewer or public water. The property is heavily encumbered by planting, driveway and
12 gas-line easements as well as fragile slope and wetland setbacks.

13 B. The RSD declared the Rolph Property surplus to its needs at completion of the
14 Taylor Creek Restoration Project. Pursuant to K.C.C. 4.56.100, notices were circulated
15 to other county departments by the facilities management division ("FMD") regarding
16 RDS's plan to surplus and sell the Rolph Property. No county department expressed
17 interest, and the subject property does not meet criteria for affordable housing. In August
18 2007, pursuant to K.C.C. 4.56.100, FMD declared the Rolph Property surplus to the
19 county's present and foreseeable needs.

20 C. Pursuant to K.C.C. 4.56.100, FMD listed the Rolph Property for sale with the
21 Northwest Multiple Listing Service. The property was marketed subject to the
22 requirement for extensive work due to serious vandalism that rendered the improvements
23 uninhabitable. Two proposed sales both failed after the purchasers determined that the
24 costs to bring the property up to code were prohibitive.

25 D. FMD subsequently re-marketed the Rolph Property in October 2009,
26 specifying that King County would not accept offers contingent on the condition of the
27 now boarded-up improvements. Although the property was appraised at one hundred and
28 seventy thousand dollars, the only offer received is for one hundred forty thousand
29 dollars on an all cash basis from John and Petra Hansen. The Hansens have provided
30 proof of funds for this purchase.

31 E. FMD recommends approval of the proposed sale based on the current
32 depressed condition of the market, the poor condition of the property improvements and
33 the qualified, all-cash buyers.

34 F. A condition of sale is the buyers' inclusion of this purchase as part of a 1031
35 tax deferred exchange. Council approval is therefore requested no later than June 15,
36 2010.

37 G. Pursuant to K.C.C. 4.56.080.A, the council must approve sale of county-
38 owned real property valued in excess of ten thousand dollars.

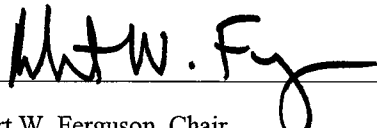
39 SECTION 2. The King County council, having determined that sale of the Rolph
40 Property is in the best interest of the county, does hereby approve the proposed sale as
41 provided for in the purchase and sale transaction documents attached hereto and

42 authorizes the King County executive to execute any other documents necessary to
43 convey and deliver the property to the buyers.
44

Ordinance 16836 was introduced on 4/19/2010 and passed by the Metropolitan King County Council on 5/17/2010, by the following vote:


Yes: 8 - Ms. Drago, Mr. Phillips, Mr. von Reichbauer, Mr. Gossett,
Ms. Hague, Ms. Patterson, Mr. Ferguson and Mr. Dunn
No: 0
Excused: 1 - Ms. Lambert

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



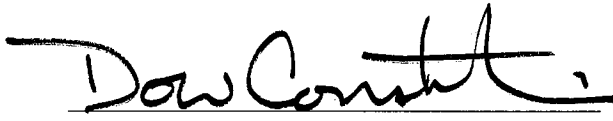
Robert W. Ferguson, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 21st day of May, 2010.



Dow Constantine, County Executive

RECEIVED
2010 MAY 21 PM 3:46
CLERK
KING COUNTY COUNCIL

Attachments: A. Residential Real Estate Purchase and Sale Agreement Addenda and Exhibits for the Rolph Property Tax Parcel Number 511240-0045

2010-0260
Attachment A
16836

ATTACHMENT 'A'
RESIDENTIAL REAL ESTATE PURCHASE AND SALE AGREEMENT,
ADDENDA AND EXHIBITS
FOR THE ROLPH PROPERTY, TAX PARCEL NUMBER 511240-0045

RESIDENTIAL REAL ESTATE PURCHASE AND SALE AGREEMENT
GENERAL TERMS
(continued)

- a. **Purchase Price.** Buyer agrees to pay to Seller the Purchase Price, including the Earnest Money, in cash at Closing, unless otherwise specified in this Agreement. Buyer represents that Buyer has sufficient funds to close this sale in accordance with this Agreement and is not relying on any contingent source of funds, including funds from loans, the sale of other property, gifts, retirement, or future earnings, except to the extent otherwise specified in this Agreement. 1-4
- b. **Earnest Money.** Buyer agrees to deliver the Earnest Money within 2 days after mutual acceptance of this Agreement to Selling Licensee who will deposit any check to be held by Selling Broker, or deliver any Earnest Money to be held by Closing Agent, within 3 days of receipt or mutual acceptance, whichever occurs later. If the Earnest Money is held by Selling Broker and is over \$10,000.00 it shall be deposited into an interest bearing trust account in Selling Broker's name provided that Buyer completes an IRS Form W-9. Interest, if any, after deduction of bank charges and fees, will be paid to Buyer. Buyer agrees to reimburse Selling Broker for bank charges and fees in excess of the interest earned, if any. If the Earnest Money held by Selling Broker is over \$10,000.00 Buyer has the option to require Selling Broker to deposit the Earnest Money into the Housing Trust Fund Account, with the interest paid to the State Treasurer, if both Seller and Buyer so agree in writing. If the Buyer does not complete an IRS Form W-9 before Selling Broker must deposit the Earnest Money or the Earnest Money is \$10,000.00 or less, the Earnest Money shall be deposited into the Housing Trust Fund Account. Selling Broker may transfer the Earnest Money to Closing Agent at Closing. If all or part of the Earnest Money is to be refunded to Buyer and any such costs remain unpaid, the Selling Broker or Closing Agent may deduct and pay them therefrom. The parties instruct Closing Agent to: (1) provide written verification of receipt of the Earnest Money and notice of dishonor of any check to the parties and Licensees at the addresses and/or fax numbers provided herein; and (2) commence an interpleader action in the county in which the Property is located within 30 days of a party's demand for the Earnest Money unless the parties agree otherwise in writing. The parties authorize the party commencing an interpleader action to deduct up to \$250.00 for the costs thereof. 5-22
- c. **Included Items.** Any of the following items, including items identified in Specific Term No. 5 if the corresponding box is checked, located in or on the Property are included in the sale: built-in appliances; wall-to-wall carpeting; curtains, drapes and all other window treatments; window and door screens; awnings; storm doors and windows; installed television antennas; ventilating, air conditioning and heating fixtures; trash compactor; fireplace doors, gas logs and gas log lighters; irrigation fixtures; electric garage door openers and remotes; water heaters; installed electrical fixtures; lighting fixtures; shrubs, plants and trees planted in the ground; all bathroom and other fixtures; and all associated operating equipment. If any of the above Included Items are leased or encumbered, Seller agrees to acquire and clear title at or before Closing. 23-30
- d. **Condition of Title.** Unless otherwise specified in this Agreement, title to the Property shall be marketable at Closing. The following shall not cause the title to be unmarketable: rights, reservations, covenants, conditions and restrictions, presently of record and general to the area; easements and encroachments, not materially affecting the value of or unduly interfering with Buyer's reasonable use of the Property; and reserved oil and/or mining rights. Monetary encumbrances or liens not assumed by Buyer, shall be paid or discharged by Seller on or before Closing. Title shall be conveyed by a Statutory Warranty Deed. If this Agreement is for conveyance of a buyer's interest in a Real Estate Contract, the Statutory Warranty Deed shall include a buyer's assignment of the contract sufficient to convey after acquired title. 31-38
- e. **Title Insurance.** Seller authorizes Buyer's lender or Closing Agent, at Seller's expense, to apply for the then-current ALTA form of Homeowner's Policy of Title Insurance for One-to-Four Family Residence, from the Title Insurance Company. If Seller previously received a preliminary commitment from a Title Insurance Company that Buyer declines to use, Buyer shall pay any cancellation fees owing to the original Title Insurance Company. Otherwise, the party applying for title insurance agrees to pay any title cancellation fee, in the event such a fee is assessed. If the Title Insurance Company selected by the parties will not issue a Homeowner's Policy for the Property, the parties agree that the Title Insurance Company shall instead issue the then-current ALTA standard form Owner's Policy. The Title Insurance Company shall send a copy of the preliminary commitment to Seller, Listing Agent, Buyer and Selling Licensee. The preliminary commitment, and the title policy to be issued, shall contain no exceptions other than the General Exclusions and Exceptions in the Policy and Special Exceptions consistent with the Condition of Title herein provided. If title cannot be made so insurable prior to the Closing Date, then as Buyer's sole and exclusive remedy, the Earnest Money shall, unless Buyer elects to waive such defects or encumbrances, be refunded to the Buyer, less any unpaid costs described in this Agreement, and this Agreement shall thereupon be terminated. Buyer shall have no right to specific performance or damages as a consequence of Seller's inability to provide insurable title. 39-52

Initials: BUYER: [Signature] DATE: 4/3/10 SELLER: [Signature] DATE: 4/5/10 53
BUYER: [Signature] DATE: 4/3/10 SELLER: _____ DATE: _____ 54

RESIDENTIAL REAL ESTATE PURCHASE AND SALE AGREEMENT
GENERAL TERMS
(continued)

- f. **Closing and Possession.** This sale shall be closed by the Closing Agent on the Closing Date. If the Closing Date falls on a Saturday, Sunday, legal holiday as defined in RCW 1.16.050, or day when the county recording office is closed, the Closing Agent shall close the transaction on the next day that is not a Saturday, Sunday, legal holiday, or day when the county recording office is closed. "Closing" means the date on which all documents are recorded and the sale proceeds are available to Seller. Seller shall deliver keys and garage door remotes to Buyer on the Closing Date or on the Possession Date, whichever occurs first. Buyer shall be entitled to possession at 9:00 p.m. on the Possession Date. Seller agrees to maintain the Property in its present condition, normal wear and tear excepted, until the Buyer is entitled to possession. If possession transfers at a time other than Closing, the parties agree to execute NWMLS Form 65A (Rental Agreement/Occupancy Prior to Closing) or NWMLS Form 65B (Rental Agreement/Seller Occupancy After Closing) (or alternative rental agreements) and are advised of the need to contact their respective insurance companies to assure appropriate hazard and liability insurance policies are in place, as applicable.
- g. **Section 1031 Like-Kind Exchange.** If either Buyer or Seller intends for this transaction to be a part of a Section 1031 like-kind exchange, then the other party agrees to cooperate in the completion of the like-kind exchange so long as the cooperating party incurs no additional liability in doing so, and so long as any expenses (including attorneys' fees and costs) incurred by the cooperating party that are related only to the exchange are paid or reimbursed to the cooperating party at or prior to Closing. Notwithstanding the Assignment paragraph of this Agreement, any party completing a Section 1031 like-kind exchange may assign this Agreement to its qualified intermediary or any entity set up for the purposes of completing a reverse exchange.
- h. **Closing Costs and Prorations and Charges and Assessments.** Seller and Buyer shall each pay one-half of the escrow fee unless otherwise required by applicable FHA or VA regulations. Taxes for the current year, rent, interest, and lienable homeowner's association dues shall be prorated as of Closing. Buyer agrees to pay Buyer's loan costs, including credit report, appraisal charge and lender's title insurance, unless provided otherwise in this Agreement. If any payments are delinquent on encumbrances which will remain after Closing, Closing Agent is instructed to pay such delinquencies at Closing from money due, or to be paid by, Seller. Buyer agrees to pay for remaining fuel in the fuel tank if, prior to Closing, Seller obtains a written statement as to the quantity and current price from the supplier. Seller agrees to pay all utility charges, including unbilled charges. Unless waived in Specific Term No. 15, Seller and Buyer request the services of Closing Agent in disbursing funds necessary to satisfy unpaid utility charges in accordance with RCW 60.80 and Seller agrees to provide the names and addresses of all utilities providing service to the Property and having lien rights (attach NWMLS Form 22K Identification of Utilities or equivalent). Buyer is advised to verify the existence and amount of any local improvement district, capacity or impact charges or other assessments that may be charged against the Property before or after Closing. Seller will pay such charges that are encumbrances at the time of Closing, or that are or become due on or before Closing. Charges levied before Closing, but becoming due after Closing shall be paid as agreed in Specific Term No. 16.
- i. **Sale Information.** The Listing Agent or Selling Licensee is authorized to report this Agreement (including price and all terms) to the Multiple Listing Service that published it and to its members, financing institutions, appraisers, and anyone else related to this sale. Buyer and Seller expressly authorize all Closing Agents, appraisers, title insurance companies, and others related to this Sale, to furnish the Listing Agent and/or Selling Licensee, on request, any and all information and copies of documents concerning this sale.
- j. **FIRPTA - Tax Withholding at Closing.** The Closing Agent is instructed to prepare a certification (NWMLS Form 22E or equivalent) that Seller is not a "foreign person" within the meaning of the Foreign Investment In Real Property Tax Act. Seller agrees to sign this certification. If Seller is a foreign person, and this transaction is not otherwise exempt from FIRPTA, Closing Agent is instructed to withhold and pay the required amount to the Internal Revenue Service.
- k. **Notices.** In consideration of the license to use this and NWMLS's companion forms and for the benefit of the Listing Agent and the Selling Licensee as well as the orderly administration of the offer, counteroffer or this Agreement, the parties irrevocably agree that unless otherwise specified in this Agreement, any notice required or permitted in, or related to, this Agreement (including revocations of offers or counteroffers) must be in writing. Notices to Seller must be signed by at least one Buyer and shall be deemed given only when the notice is received by Seller, by Listing Agent or at the licensed office of Listing Agent. Notices to Buyer must be signed by at least one Seller and shall be deemed given only when the notice is received by Buyer, by Selling Licensee or at the licensed office of Selling Licensee. Actual receipt by Selling Licensee of a Form 17, Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards, Public Offering Statement or Resale Certificate, homeowners' association documents provided pursuant to NWMLS Form 22D, or a preliminary commitment for title insurance provided pursuant to NWMLS

Initials: BUYER: [Signature] DATE: 4/3/10 SELLER: [Signature] DATE: 4/5/10
BUYER: [Signature] DATE: 4/3/10 SELLER: _____ DATE: _____

RESIDENTIAL REAL ESTATE PURCHASE AND SALE AGREEMENT
GENERAL TERMS
(continued)

Form 22T shall be deemed receipt by Buyer. Selling Licensee and Listing Agent have no responsibility to advise of receipt of a notice beyond either phoning the party or causing a copy of the notice to be delivered to the party's address shown on this Agreement. Buyer and Seller must keep Selling Licensee and Listing Agent advised of their whereabouts in order to receive prompt notification of receipt of a notice. 109-112

i. Computation of Time. Unless otherwise specified in this Agreement, any period of time measured in days and stated in this Agreement shall start on the day following the event commencing the period and shall expire at 9:00 p.m. of the last calendar day of the specified period of time. Except for the Possession Date, if the last day is a Saturday, Sunday or legal holiday as defined in RCW 1.16.050, the specified period of time shall expire on the next day that is not a Saturday, Sunday or legal holiday. Any specified period of 5 days or less shall not include Saturdays, Sundays or legal holidays. If the parties agree that an event will occur on a specific calendar date, the event shall occur on that date, except for the Closing Date, which, if it falls on a Saturday, Sunday, legal holiday as defined in RCW 1.16.050, or day when the county recording office is closed, shall occur on the next day that is not a Saturday, Sunday, legal holiday, or day when the county recording office is closed. If the parties agree upon and attach a legal description after this Agreement is signed by the offeree and delivered to the offeror, then for the purposes of computing time, mutual acceptance shall be deemed to be on the date of delivery of an accepted offer or counteroffer to the offeror, rather than on the date the legal description is attached. Time is of the essence of this Agreement. 113-124

m. Facsimile and E-mail Transmission. Facsimile transmission of any signed original document, and retransmission of any signed facsimile transmission, shall be the same as delivery of an original. At the request of either party, or the Closing Agent, the parties will confirm facsimile transmitted signatures by signing an original document. E-mail transmission of any document or notice shall not be effective unless the parties to this Agreement otherwise agree in writing. 125-128

n. Integration. This Agreement constitutes the entire understanding between the parties and supersedes all prior or contemporaneous understandings and representations. No modification of this Agreement shall be effective unless agreed in writing and signed by Buyer and Seller. 129-131

o. Assignment. Buyer may not assign this Agreement, or Buyer's rights hereunder, without Seller's prior written consent, unless the parties indicate that assignment is permitted by the addition of "and/or assigns" on the line identifying the Buyer on the first page of this Agreement. 132-134

p. Default. In the event Buyer fails, without legal excuse, to complete the purchase of the Property, then the following provision, as identified in Specific Term No. 8, shall apply: 135-136

i. Forfeiture of Earnest Money. That portion of the Earnest Money that does not exceed five percent (5%) of the Purchase Price shall be forfeited to the Seller as the sole and exclusive remedy available to Seller for such failure. 137-138

ii. Seller's Election of Remedies. Seller may, at Seller's option, (a) keep the Earnest Money as liquidated damages as the sole and exclusive remedy available to Seller for such failure, (b) bring suit against Buyer for Seller's actual damages, (c) bring suit to specifically enforce this Agreement and recover any incidental damages, or (d) pursue any other rights or remedies available at law or equity. 139-142

q. Professional Advice and Attorneys' Fees. Buyer and Seller are advised to seek the counsel of an attorney and a certified public accountant to review the terms of this Agreement. Buyer and Seller agree to pay their own fees incurred for such review. However, if Buyer or Seller institutes suit against the other concerning this Agreement the prevailing party is entitled to reasonable attorneys' fees and expenses. 143-146

r. Offer. Buyer agrees to purchase the Property under the terms and conditions of this Agreement. Seller shall have until 9:00 p.m. on the Offer Expiration Date to accept this offer, unless sooner withdrawn. Acceptance shall not be effective until a signed copy is actually received by Buyer, by Selling Licensee or at the licensed office of Selling Licensee. If this offer is not so accepted, it shall lapse and any Earnest Money shall be refunded to Buyer. 147-150

s. Counteroffer. Any change in the terms presented in an offer or counteroffer, other than the insertion of the Seller's name, shall be considered a counteroffer. If a party makes a counteroffer, then the other party shall have until 9:00 p.m. on the counteroffer expiration date to accept that counteroffer, unless sooner withdrawn. Acceptance shall not be effective until a signed copy is actually received by Seller, by Listing Agent or at the licensed office of Listing Agent. If the counteroffer is not so accepted, it shall lapse and any Earnest Money shall be refunded to Buyer. 151-154

t. Offer and Counteroffer Expiration Date. If no expiration date is specified for an offer/counteroffer, the offer/counteroffer shall expire 2 days after the offer/counteroffer is delivered by the party making the offer/counteroffer, unless sooner withdrawn. 155-158

Initials: BUYER: [Signature] DATE: 4/3/10 SELLER: [Signature] DATE: 4/5/10 159
BUYER: [Signature] DATE: 4/3/10 SELLER: _____ DATE: _____ 160

RESIDENTIAL REAL ESTATE PURCHASE AND SALE AGREEMENT
GENERAL TERMS
(continued)

- u. **Agency Disclosure.** Selling Broker represents the same party that Selling Licensee represents. Listing Broker represents the same party that the Listing Agent represents. If Selling Licensee and Listing Agent are different salespersons affiliated with the same Broker, then both Buyer and Seller confirm their consent to that Broker representing both parties as a dual agent. If Selling Licensee and Listing Agent are the same salesperson representing both parties then both Buyer and Seller confirm their consent to that salesperson and his/her Broker representing both parties as dual agents. All parties acknowledge receipt of the pamphlet entitled "The Law of Real Estate Agency." 161-167
- v. **Commission.** Seller and Buyer agree to pay a commission in accordance with any listing or commission agreement to which they are a party. The Listing Broker's commission shall be apportioned between Listing Broker and Selling Broker as specified in the listing. Seller and Buyer hereby consent to Listing Broker or Selling Broker receiving compensation from more than one party. Seller and Buyer hereby assign to Listing Broker and Selling Broker, as applicable, a portion of their funds in escrow equal to such commission(s) and irrevocably instruct the Closing Agent to disburse the commission(s) directly to the Broker(s). In any action by Listing or Selling Broker to enforce this paragraph, the prevailing party is entitled to court costs and reasonable attorneys' fees. Seller and Buyer agree that the Licensees are intended third party beneficiaries under this Agreement. 168-175
- w. **Cancellation Rights/Lead-Based Paint.** If a residential dwelling was built on the Property prior to 1978, and Buyer receives a Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (NWMLS Form 22J) after mutual acceptance, Buyer may rescind this Agreement at any time up to 3 days thereafter. 176-178
- x. **Information Verification Period and Property Condition Disclaimer.** Buyer shall have 10 days after mutual acceptance to verify all information provided from Seller or Listing Agent related to the Property. This contingency shall be deemed satisfied unless Buyer gives notice identifying the materially inaccurate information within 10 days of mutual acceptance. If Buyer gives timely notice under this section, then this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. Buyer and Seller agree, that except as provided in this Agreement, all representations and information regarding the Property and the transaction are solely from the Seller or Buyer, and not from any Licensee. The parties acknowledge that the Licensees are not responsible for assuring that the parties perform their obligations under this Agreement and that none of the Licensees have agreed to independently investigate or confirm any matter related to this transaction except as stated in this Agreement, or in a separate writing signed by such Licensee. In addition, Licensees do not guarantee the value, quality or condition of the Property and some properties may contain building materials, including siding, roofing, ceiling, insulation, electrical, and plumbing, that have been the subject of lawsuits and/or governmental inquiry because of possible defects or health hazards. Some properties may have other defects arising after construction, such as drainage, leakage, pest, rot and mold problems. Licensees do not have the expertise to identify or assess defective products, materials, or conditions. Buyer is urged to retain inspectors qualified to identify the presence of defective materials and evaluate the condition of the Property. Licensees may assist the parties with locating and selecting third party service providers, such as inspectors or contractors, but Licensees cannot guarantee or be responsible for the services provided by those third parties. The parties agree to exercise their own judgment and due diligence regarding third party service providers. 179-197
- y. **Disclosures in Form 17.** If Seller provides Buyer with a disclosure statement pursuant to RCW 64.06 (Form 17), Buyer may bring an action in tort to recover economic losses resulting from intentional misrepresentations in Form 17; and if the parties so agree in Specific Term No. 9, Buyer may bring an action in tort to recover economic losses resulting from negligent errors, inaccuracies, or omissions in Form 17. Nevertheless, Buyer is advised to use due diligence to inspect the Property to Buyer's satisfaction, as Seller may not know or have reason to know of defects that careful inspections might reveal. If, in Specific Term No. 9, the parties agree that Buyer will not have a remedy for economic loss resulting from negligent errors, inaccuracies, or omissions in Form 17, then Buyer assumes the risk of economic loss that may result from Seller's negligent misrepresentation in Form 17. Buyer maintains the right to bring any and all claims permitted under the common law, including fraudulent concealment. Buyer and Seller acknowledge that home protection plans may be available which may provide additional protection and benefit to Buyer and Seller. 198-208

Initials: BUYER: JH DATE: 4/3/10 SELLER: SLG DATE: 4/5/10 209
BUYER: QH DATE: 4/3/10 SELLER: _____ DATE: _____ 210

LIST OF ADDENDA AND EXHIBITS
(listed as inserted in Agreement)

to Residential Purchase and Sale Agreement, Dated February 2, 2010, (the Agreement)
Between King County as Seller, and John and Petra Hansen as Buyer
For Purchase of the Rolph Property, Assessor's Parcel #511240-0045
Located at 22629 SE 206th, Street, Maple Valley, Washington

- Optional Clauses Addendum to Purchase and Sale Agreement ADDENDUM 22D
 Including Added Pages 3 and 4

- Identification of Utilities Addendum to Purchase and Sale Agreement ADDENDUM 22K

- Title Contingency Addendum to Purchase and Sale Agreement ADDENDUM 22T

- EXHIBIT A Legal Description of the Property

- EXHIBIT B Legal Description of Thirty-Foot Access and Utility Easement
 for Lot B and Wetlands

- EXHIBIT C Legal Description of Planting and Restoration Easement

- EXHIBIT D Statutory Warranty Deed as to form

- EXHIBIT E Agreement of Assignment and Substitution (Buyer's Position)
 and Additional Escrow Instructions [1031 Exchange Form
 Agreement]

Handwritten:
JAH 4/3/10
PCA 4/3/10
SC 4/5/10

**OPTIONAL CLAUSES ADDENDUM
TO PURCHASE & SALE AGREEMENT**

The following is part of the Purchase and Sale Agreement dated _____, 20____ 1
between JOHN & PETRA HANSEN ("Buyer") 2
and KING COUNTY ("Seller") 3
concerning 22629 SE 206th STREET, MAPLE VALLEY, WA 98038 ("the Property"). 4

CHECK IF INCLUDED: 5

1. **Square Footage/Lot Size/Encroachments.** The Listing Agent and Selling Licensee make no representations concerning: (a) the lot size or the accuracy of any information provided by the Seller; (b) the square footage of any improvements on the Property; (c) whether there are any encroachments (fences, rockeries, buildings) on the Property, or by the Property on adjacent properties. Buyer is advised to verify lot size, square footage and encroachments to Buyer's own satisfaction within the inspection contingency period. 6-10

2. **Standard Form Owner's Policy of Title Insurance.** Notwithstanding the "Title Insurance" clause in the Agreement, Seller authorizes Buyer's lender or Closing Agent, at Seller's expense, to apply for the then-current ALTA form of Owner's Policy of Title Insurance, together with homeowner's additional protection and inflation protection endorsements if available at no additional cost, from the Title Insurance Company rather than the Homeowner's Policy of Title Insurance. 11-15

3. **Extended Coverage Title Insurance.** Notwithstanding the "Title Insurance" clause in this Agreement, Buyer's lender or Closing Agent is directed to apply for an ALTA or comparable extended coverage policy of title insurance, rather than the policy provided for in the purchase and sale agreement. Buyer shall pay the increased costs associated with the extended coverage policy including excess premium over that charged for the policy provided for in the purchase and sale agreement and the cost of any survey required by the title insurer. 16-20

4. **Property And Grounds Maintained.** Until possession is transferred to Buyer, Seller agrees to maintain the Property in the same condition as when initially viewed by Buyer. The term "Property" includes the building(s); grounds; plumbing, heat, electrical and other systems; and all Included Items. Should an appliance or system become inoperative or malfunction prior to transfer of possession, Seller agrees to either repair or replace the same with an appliance or system of at least equal quality. Buyer reserves the right to reinspect the Property within 5 days prior to transfer of possession to verify the foregoing. Buyer and Seller understand and agree that the Listing Agent and Selling Licensee shall not, under any circumstances, be liable for the foregoing or Seller's breach of this clause. 21-28

5. **Items Left by Seller.** Any personal property, fixtures or other items remaining on the Property when possession is transferred to Buyer shall thereupon become the property of Buyer, and may be retained or disposed of as Buyer determines. However, Seller agrees to clean the interiors of any structures and remove all trash, debris and rubbish on the Property prior to Buyer taking possession. 29-32

6. **Utilities.** To the best of Seller's knowledge, Seller represents that the Property is connected to a:
 public water main; public sewer main; septic tank; well (specify type) _____; 33-34
 irrigation water (specify provider) _____; natural gas; telephone; 35
 cable; electricity; other _____ 36

Initials: BUYER: JPH DATE: 4/3/10 SELLER: CCG DATE: 4/5/10 37
BUYER: PCN DATE: 4/3/10 SELLER: _____ DATE: _____ 38

**OPTIONAL CLAUSES ADDENDUM TO
PURCHASE & SALE AGREEMENT**
(continued)

7. **Insulation - New Construction.** If this is new construction, Federal Trade Commission Regulations require the following to be filled in. If insulation has not yet been selected, FTC regulations require Seller to furnish Buyer the information below in writing as soon as available:

WALL INSULATION: TYPE: _____ THICKNESS: _____ R-VALUE _____
CEILING INSULATION: TYPE: _____ THICKNESS: _____ R-VALUE _____
OTHER INSULATION DATA: _____

8. **Leased Property.** Buyer hereby acknowledges that Seller leases the following items of personal property, possession of which shall pass to Buyer on Closing:

propane tank; security system; satellite dish; other _____

Buyer shall assume the lease for the items selected, perform all of the obligations of the lease, and hold Seller harmless from and against any further obligation, liability, or claim arising from the lease.

9. **Homeowners' Association Review Period.** If the Property is subject to a homeowners' association or any other association, then Seller shall provide Buyer a copy of the following documents (if available from the Association) within _____ days (10 days if not filled in) of mutual acceptance:

1. Association rules and regulations, including, but not limited to architectural guidelines;
2. Association meeting minutes from the prior two (2) years;
3. Association Board of Directors meeting minutes from the prior six (6) months; and
4. Association financial statements from the prior two (2) years.

If Buyer, in Buyer's sole discretion, does not give notice of disapproval within _____ days (5 days if not filled in) of receipt of the above documents or the date that the above documents are due, then this homeowners' association review period shall conclusively be deemed satisfied (waived). If Buyer gives timely notice of disapproval, then this Agreement shall terminate and the Earnest Money shall be refunded to Buyer.

10. **Excluded Item(s).** The following item(s), that would otherwise be included in the sale of the Property, is excluded from the sale ("Excluded Item(s)"). Seller shall repair any damage to the Property caused by the removal of the Excluded Item(s). Excluded Item(s):

11. **Other.**

SEE ADDED PAGES 3 & 4, Itemizing Section 11 of this Optional Clauses Addendum.

Initials: BUYER: [Signature] DATE: 4/3/10 SELLER: [Signature] DATE: 4/5/10
BUYER: [Signature] DATE: 4/3/10 SELLER: _____ DATE: _____

OPTIONAL CLAUSES ADDENDUM, FORM 22D

ADDED PAGES THREE AND FOUR: SECTION 11, "OTHER"

to Residential Purchase and Sale Agreement, Dated February 2, 2010, (the Agreement)
Between King County as Seller, and John and Petra Hansen as Buyer
For Purchase of the Rolph Property, Assessor's Parcel #511240-0045
Located at 22629 SE 206th, Street, Maple Valley, Washington

- 1) This Agreement replaces the proposed purchase and sale agreement submitted by Buyer February 2, 2010.
- 2) This sale is expressly contingent upon King County Council approval ("the Council Approval Contingency"). Buyer's and Seller's rights and obligations hereunder are subject to and contingent upon satisfaction of the Council Approval Contingency.
- 3) Buyer performed or has had an opportunity to perform a hazardous materials and/or environmental quality inspection, on February 24, 2010. Buyer is aware of and satisfied with the condition of the Property. This sale is expressly not contingent upon the condition of the Property or its improvements. Buyer acknowledges that, though this sale is not contingent upon the condition of the improvements, Buyer was provided a pamphlet regarding Lead Paint by Buyer's broker prior to entering the improvements for purposes of the hazardous inspection.
- 4) King County makes no representations or warranties including any warranty of merchantability or fitness for a particular purpose, either express or implied, as to the condition of the Property, whether patent or latent, including its habitability, its suitability for new development or for any other intended purpose the buyer may have, and no employee or agent of Seller is authorized otherwise. Buyer has had opportunity to fully inspect the Property and its improvements to Buyer's own satisfaction. Buyer is fully aware of the internal and external conditions of the improvements and unconditionally accepts the Property and its improvements on an AS-IS / WHERE-IS basis, including without limitation the existence or non-existence of any pollutants, contaminants, hazardous waste, dangerous waste, toxic waste, underground storage tanks or contaminated soil, or the actual or threatened release, deposit seepage, migration or escape of such substances at, from or into the Property and the compliance or noncompliance of the Property with applicable federal, state, county and local laws and regulations including, without limitation, environmental laws and regulations. Buyer acknowledges and agrees that, except to the extent of Seller's representations and warranties in this Agreement, and to the extent of any fraud or deliberate misrepresentation by Seller, Seller shall have no liability for, and that Buyer shall have no recourse against the Seller for, any defect or deficiency of any kind whatsoever in the Property including without limitation those relating to Hazardous Substances, without regard to whether such defect or deficiency was discovered or discoverable by the Buyer or Seller.
- 5) Buyer shall indemnify, defend and hold Seller, its officers, agents and employees harmless from and against any and all claims and agency orders or requirements relating to or arising out of, directly or indirectly, the Property after closing.

OPTIONAL CLAUSES ADDENDUM, FORM 22D, ADDED PAGES 3 & 4
To the Residential Purchase Agreement Between King County and the Hansens
Page 3

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PAN 4/3/10 56 4-5-10

6) Seller will make reasonable efforts to (a) keep the improvements boarded; (b) maintain the current chain link fencing surrounding the house, and (c) maintain the lock on the gate (the "Gate") to the gravel driveway (Thirty-Foot Access and Utility Easement for Lot B and Wetlands, as described in Exhibit B to the Agreement). However, Seller cannot and does not guarantee that further damage will not occur to the Property and its improvements, including but not limited to damage caused by trespassers and vandals.

7) Buyer is aware that the Gate belongs to the owners of the property at 22621 SE 206th Street, adjacent to and north of the Property. The owners installed the Gate to deter uninvited vehicles from using the driveway which serves as a secondary entrance to their property. Those owners share access with King County to the gravel driveway. Upon close of escrow, King County will provide Buyer with a key to this gate. After conveyance, should Buyer and the owners at 22621 SE 206th Street agree that it is in their best interests to maintain the gate and alter or replace the lock, King County will be provided with any replacement key(s) in order to maintain access rights through the Gate for purposes of maintaining the wetlands and planting easement adjacent to Taylor Creek.

8) Buyer is purchasing the Property as part of a 1031 tax-deferred exchange (the "Exchange"), at no cost or other obligation to Seller. Conveyance of the Property on or before 180 days from January 15, 2010 is a requirement for Buyer to achieve its desired tax benefit. Attached as Exhibit E is an *Agreement of Assignment and Substitution (Buyer's Position) and Additional Escrow Instruction*, which is incorporated herein by this reference. This document would, if executed, effectuate an assignment of the Buyer's position in this sale in order to transfer property rights prior to close of escrow to Buyer's exchange facilitator who is managing Buyer's Exchange. Seller will not sign Exhibit E prior to satisfaction of the initial Council Approval Contingency. In order to attempt to meet Buyer's Exchange deadline of no later than six (6) months after January 15, 2010, Seller will diligently pursue, but Seller cannot and does not guarantee, King County Council approval of the purchase and sale agreement and a goal to close escrow no later than July 14, 2010.

9) It has been represented to Seller by Cedar River Water District that no water or sewer is available to the Property. Puget Sound Energy is provider of electrical service in the area and has represented to Seller that there is electrical service available to the Property but that no electrical service has been provided to the Property since 2004. Seller is aware of no outstanding liens for unpaid electrical service.

10) As a contingency of sale, Buyer has requested a new title report. The legal description for the Property, as defined in Exhibit A to the Agreement, will be confirmed in such new title report to be issued by Pacific Northwest Title Company. Buyer will order this new title report immediately.

11) The parties agree that documents to this agreement may be transmitted via email, with scanned signatures acceptable.

BUYER'S INITIALS

NAH DATE

4/13/10 DATE

SELLER'S INITIALS

BQH DATE
COY

4/13/10
4/15/10

