

After recording return document to:

State of Washington
Department of General Administration
Buildings, Grounds & Real Estate Services
P O Box 41015
Olympia WA 98504-1015



200609110007
Skagit County Auditor

9/11/2006 Page 1 of 7 9:30AM

Document Title: Purchase and Sale Agreement

Seller: State of Washington, State Board for Community College Education

Purchaser: Overlook Crest LLC

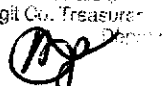
Legal Description: Lot B, West View and ptn. Gov't Lot 8 in 36-34-4

Assessor's Tax Parcel Number: P74765, P29895, P29989

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

SEP 11 2006

PURCHASE AND SALE AGREEMENT

Amount Paid 0
Skagit Co. Treasurer
By 

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT ("Agreement") is entered into between the State of Washington, State Board for Community College Education, acting through the Department of General Administration ("Seller"), and Overlook Crest LLC whose address is 103 N. Township, Sedro-Woolley, Washington 98284 ("Purchaser").

1. Offer and Acceptance. Purchaser offers and agrees to purchase from Seller and Seller accepts such offer and agrees to sell and convey to Purchaser all of Seller's right, title and interest in and to that parcel of land and all improvements thereon, including any and all personal property used in the operation of the land and improvements. Said property is located at 23892 and 23890 N. Westview Road, City of Mount Vernon, County of Skagit, State of Washington. (See sketch attached as Exhibit "A"). Said parcel of land contains approximately 1.72 acres and is legally described on Exhibit "B", also attached, and which exhibits are incorporated herein.

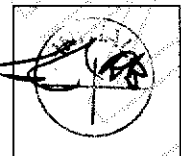
2. Purchase Price. The purchase price shall be Eight Hundred Fifty-one Thousand Dollars and No Cents (\$851,000.00).

2.1 This Agreement is subject to the Seller obtaining final review and approval of the Office of the Attorney General of the State of Washington.

2.2 All utilities such as electricity, water, gas, oil, and real property taxes shall be prorated to the date of closing.

2.3 Any special assessments, L.I.D. assessments and R.I.D. assessments which are levied against the property at the time of closing, shall be prorated to the date of closing and transferred into the name of the Purchaser upon closing.

3. Time for Acceptance. This agreement is subject to acceptance by the Purchaser. To accept, Purchaser must sign where indicated before a notary public and return this Agreement to Seller on or before the close of business on August 18, 2006.



4. Escrow. The parties shall deposit this Agreement, and such other documents and monies as are required hereby into an escrow (the "Escrow") established with Chicago Title Company, whose address is 425 Commercial Street, Post Office Box 638, Mount Vernon, Washington 98273, (360) 424-1700 (the "Closing Agent").

5. Title/Title Insurance. Subject to performance by the Purchaser, the Seller agrees to execute and deliver on the date of closing a Quitclaim Deed to the subject Property free and clear of all encumbrances except those which are acceptable to the Purchaser. Closing Agent shall obtain Purchaser's written approval of any exceptions to title that will not be cleared at or prior to closing and notify Seller thereof. Upon receiving such notice, Seller shall have ten (10) days to clear any exceptions not approved by Purchaser. At the conclusion of said period, if clearance of all objectionable exceptions has not been arranged, Closing Agent shall so notify Purchaser who may then either:

a. Terminate this Agreement, by written notice to Seller, thereafter neither party shall have any further rights or liabilities hereunder; or

b. Waive its objections to title and, in such event, the parties shall close the transaction contemplated by this Agreement, subject to such exceptions that have not been eliminated.

6. Inspection and Evaluation of Property. Seller shall provide or make available to Purchaser for inspection and copying to the extent available or within Seller's possession or control, copies of all contracts, appraisals, environmental surveys or audits of the Property or the improvements, tenant leases, certificates of occupancy, soils reports, real property records, including copies of property tax assessments, LID proposals, agreements, leasing proposals and any other documents and information in the possession or control of Seller and pertaining to the Property and all other items which Purchaser deems reasonably necessary to conduct its review of the Property.

Purchaser shall have until the expiration of this Agreement in which to conduct its review of the Property. Said review shall include periodic physical and engineering inspections of the Property. Seller agrees to cooperate with and assist Purchaser in the physical inspections of the Property and such documents, books, records and information, provided that such inspections shall be conducted during normal business hours or at such other time as is reasonable and necessary to conduct the inspection. Purchaser shall repair any damage to the Property caused by Purchaser, its employees or agents during such inspections.

6.1 Purchaser specifically acknowledges and agrees that (1) Seller does not make any representations or warranties of any kind whatsoever, either express or implied, with respect to the Property except as specifically stated herein, and (2) the Property is conveyed to Purchaser in an "As-Is" and "WITH ALL FAULTS" condition as of the date of closing, except as specifically stated herein, including, without limitations, the condition or stability of the soils or ground waters, the presence or absence of hazardous materials on or under the Property, suitability for any construction or development, zoning and similar matters.

7. Date of Closing. Closing of this transaction shall occur in the offices of the Closing Agent, on or before September 15, 2006. For purposes of this Agreement the "closing" shall have occurred when all appropriate documents are recorded and the proceeds of the sale are available for disbursement to Seller.

7.1 In the event the Purchaser wishes to extend the closing date beyond September 15, 2006, the Seller agrees that the Purchaser may extend the closing date on a month-to-month basis not to exceed November 30, 2006 by paying Ten Thousand Dollars and No Cents (\$10,000.00) which is non-refundable, but shall apply to the purchase price at closing.



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8. Closing Costs. Seller shall pay the following costs and expenses in connection with this transaction:

- a) Seller's attorneys' fees;
- b) One-half (½) escrow fee;
- c) Real property taxes shall be prorated to the date of closing and transferred into the name of the Purchaser upon closing, unless the Property is leased to Seller, in which case the terms of the lease concerning taxes shall govern; the State of Washington is real estate tax exempt.
- d) All special assessments, L.I.D. assessments, and R.I.D. assessments affecting the Property shall be prorated to the date of closing and paid by Seller up to the date of closing;
- e) Real estate excise taxes or transfer taxes due on the conveyance, if any;

Purchaser shall pay the following costs and expenses in connection with this transaction:

- a) Purchaser's attorneys' fees;
- b) One-half (½) the Escrow fees;
- c) Fees for recording of the Quitclaim Deed;
- d) Real property taxes shall be prorated to the date of closing with Purchaser paying the portion accruing for the period after the date of closing, if applicable. The state of Washington is real estate tax exempt.
- e) All special assessments, L.I.D. assessments, and R.I.D. assessments affecting the Property shall be prorated to the date of closing and paid by Purchaser after the date of closing;
- f) Title insurance premium or abstract fee and sales tax thereon, if any;
- g) Any real estate brokerage commissions or fees due on the transaction.

9. Governmental Approval. If the approval of any governmental agency is required for the sale of the Property, it is understood and agreed that this Agreement is subject to obtaining such approval. The closing date shall be extended, subject to the limits in paragraph 7.1 of this Agreement, for such period as may be required to obtain such approval.

10. Survey; Subdivision. In the event a city, county, or other governing authority having jurisdiction over the Property requires a survey or plat or has a subdivision ordinance, Purchaser shall, at Purchaser's expense, comply with such ordinance and take all steps necessary to obtain such survey, plat or subdivision. Seller agrees to cooperate with Purchaser in obtaining the necessary approvals. The closing date shall be extended, subject to the limits set forth in paragraph 7.1 of this Agreement, for such period as may be required to obtain such approval.

11. Possession. Purchaser shall be entitled to possession of the Property upon the date of closing, subject only to such matters approved in writing by Purchaser.

12. Commission. Purchaser warrants and represents to Seller that Purchaser is responsible for all real estate brokerage commissions or fees of any kind or type that are due and payable on this transaction.

13. Governing Law; Venue. This Agreement and the rights of the parties hereto shall be governed by and construed in accordance with the laws of the State of Washington and the parties agree that in any such action venue shall lie exclusively in Thurston County, Washington.

14. Time is of the Essence. Time is of the essence in the performance of any obligations pursuant to this Agreement. Failure of either party to insist upon the strict performance



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of the other party's obligation hereunder shall not constitute a waiver of strict performance thereafter of all of the other party's obligation hereunder.

15. Amendment, Waiver. No modification, termination or amendment of this Agreement may be made except by written agreement or as otherwise may be provided in this Agreement. No failure by Seller to insist upon the strict performance of the Purchaser's obligations hereunder shall constitute a waiver of strict performance thereafter of all of the Purchaser's obligations hereunder. All the terms, provisions, and conditions of this Agreement shall inure to the benefit of and be enforceable by Seller and Purchaser and their respective legal heirs, legal representatives, successors and assigns.

16. Notices. Any notices required or permitted to be given shall be in writing and delivered either in person or by certified mail, return receipt requested, postage prepaid, addressed as follows or to such other address as may be designated by either party:

SELLER: STATE OF WASHINGTON
State Board for Community College Education
Acting through the Department of General Administration
Post Office Box 41015
Olympia, Washington 98504-1015

PURCHASER: Overlook Crest LLC
103 N. Township
Sedro-Woolley, Washington 98284

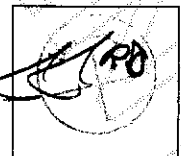
Any notice given pursuant to this Agreement shall be deemed effective the day it is personally delivered or three (3) business days after the date it is deposited in the United States mails.

17. Entire Agreement. All understandings and agreements previously existing between the parties, if any, are merged into this Agreement, which alone fully and completely expresses their agreement, and the same is entered into after full investigation, neither party relying upon any statement or representation made by the other not embodied herein. This Agreement may not be changed or terminated orally.

18. Leases. All leases on land and/or improvements on the property shall be assigned to the Purchaser at the time of closing. All rents, including prepaid rents, if any, shall be prorated to the date of closing and any damage or security deposits affecting terminated tenancies shall be refunded at closing to the tenant entitled thereto or paid to the account of the Purchaser in accordance with the terms of the lease or rental agreement. Tenancies to be continued shall be assigned to Purchaser.

19. Indemnity. Purchaser shall indemnify, and hold Seller harmless from and against any costs, expenses and liabilities, including without limitation reasonable attorneys' fees, which Seller may suffer or incur in connection with (i) its ownership of the Property resulting from any action or inaction of Purchaser, its agents or employees occurring before the Closing; (ii) any misrepresentation in or omission of any material documents, items or information to be submitted by Purchaser to Seller relating to the Property or its operations known by Purchaser; or (iii) failure of Purchaser to perform any of its obligations hereunder.

20. Non-Foreign Affidavit. Seller is not a foreign person as the term is used and defined in Section 1445 of the Internal Revenue Code, as amended, and the regulations promulgated thereunder. Seller shall, upon request of Purchaser, complete an affidavit to the effect.



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21. Environmental Concerns. The Seller warrants to its knowledge, that no hazardous substance, toxic waste, or other toxic substance has been produced, disposed of, or is or has been kept on the premises which if found on the property would subject the owner or user to any damages, penalty, or liability under an applicable local, state or federal law or regulation.

Purchaser shall indemnify and hold harmless the Seller with respect to any and all damages, costs, attorneys' fees, and penalties arising from the presence of any hazardous or toxic substances on the premises.

22. Assignment. Upon written agreement of the parties, all rights, title and interest of Purchaser herein may be assigned.

23. Default; Remedies; Specific Performance. In the event of material breach or default in or of this Agreement or any of the representations, warranties, terms, covenants, conditions or provisions hereof by Seller, Purchaser shall have, in addition to a claim for damages from such breach or default and without prejudice to any other right or remedy available under this Agreement or at law or in equity, the right to (a) demand and have specific performance of this Agreement; (b) demand injunctive relief to enforce any provision of this Agreement; or (c) terminate this Agreement upon written notice without any additional liability to Seller and Purchaser shall be entitled to a full refund of any payments outlined herein. In the event of a material breach or default in or of this Agreement or any of the representations, warranties, terms, covenants, conditions or provisions hereof by Purchaser, Seller's only remedy shall be a claim for damages.

24. Merger of Prior Agreements. This Agreement and the exhibits hereto constitute the entire agreement between the parties with respect to the purchase and sale of the Property and supersedes all prior and contemporaneous agreements and understandings between the parties hereto relating to the subject matter hereof.

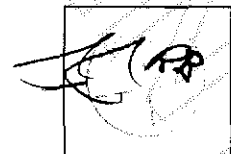
25. Neutral Authorship. Each of the provisions of this Agreement has been reviewed and negotiated, and represents the combined work product of both parties hereto. No presumption or other rules of construction which would interpret the provisions of this Agreement in favor of or against the parties preparing the same shall be applicable in connection with the construction or interpretation of any of the provisions of this Agreement.

26. Severability. In case any one or more of the provisions contained in the Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

27. Remedies Cumulative. Except as otherwise expressly provided herein, the rights and remedies given herein to Purchaser and Seller shall be deemed cumulative, and the exercise of one or more of such remedies shall not operate to bar the exercise of any other rights reserved to Purchaser or Seller under the provisions of this Agreement.

28. Purchaser's Title Information. Unless otherwise notified by Purchaser in writing prior to the date of closing, Seller shall convey the Property to Purchaser as follows:

Overlook Crest LLC

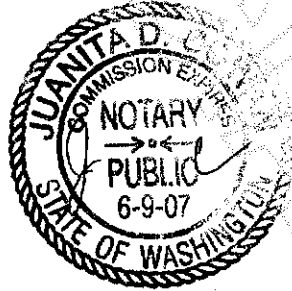


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STATE OF WASHINGTON)
) ss.
County of Thurston)

I, the undersigned, a Notary Public, do hereby certify that on this 30th day of August, 2006, personally appeared before me GLORIA FLETCHER, Property and Acquisition Manager, Buildings, Grounds & Real Estate Services, Department of General Administration, State of Washington, to me known to be the individual described in and who executed the within instrument, and acknowledged that she signed and sealed the same as the free and voluntary act and deed of the Department, for the purposes and uses therein mentioned, and on oath stated that she was duly authorized to execute said document.

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

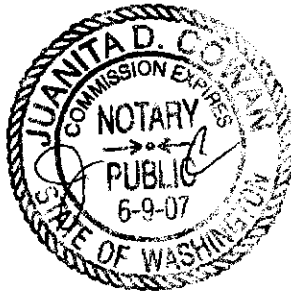


Juanita D. Cowan
Notary Public in and for the State of Washington,
Residing at Olympia
My commission expires 6-9-07

STATE OF WASHINGTON)
) ss.
County of Thurston)

I, the undersigned, a Notary Public, do hereby certify that on this 30th day of August, 2006, personally appeared before me ROBERT A. BIPPERT, Senior Deputy Assistant Director, Buildings, Grounds & Real Estate Services, Department of General Administration, State of Washington, to me known to be the individual described in and who executed the within instrument, and acknowledged that he signed and sealed the same as the free and voluntary act and deed of the Department, for the purposes and uses therein mentioned, and on oath stated that he was duly authorized to execute said document.

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



Juanita D. Cowan
Notary Public in and for the State of Washington,
Residing at Olympia
My commission expires 6-9-07

