

After recording return document to:

State of Washington  
Department of Enterprise Services  
Real Estate Services  
P O Box 41468  
Olympia WA 98504-1468



Skagit County Auditor  
12/28/2017 Page

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**Document Title: Purchase and Sale Agreement**

**Seller: State of Washington, State Board for Community and Technical Colleges, Skagit Valley College, acting through the Department of Enterprise Services**

**Purchaser: HKP Properties, LLC**

**Legal Description: Lots 5-7, less the West 6 feet, Block 12, Plat of Gate's First and Second Addition to Mount Vernon, Skagit County, Washington**

**Assessor's Tax Parcel Number: 3704-012-007-0005; P52076**

### PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT ("Agreement") is entered into between the State of Washington, State Board for Community and Technical Colleges, Skagit Valley College, acting through the Department of Enterprise Services ("Seller"), and HKP Properties, LLC, whose address is 314 Pine Street, Suite 205, Mount Vernon, Washington 98273 ("Purchaser").

1. Property to be conveyed. Subject to the terms herein, Purchaser and Seller agree to the conveyance from the Seller to the Purchaser of the Property as described on Exhibit A, including all improvements thereon, and any and all personal property used in the operation of the land and improvements. Said property is located at 204 Montgomery Street, City of Mount Vernon, County of Skagit, State of Washington.

Said parcel of land contains approximately .32 acres and is further described on Exhibit "A" which is incorporated herein by reference.

2. Effective Date of Agreement. This Agreement shall be effective and binding upon either party only upon such date (the Effective Date) that it has been fully executed and notarized by all of the representatives of parties set forth on the signature pages attached and approved as to form by the Office of the Attorney General. This provision may not be waived by partial performance or otherwise and no reliance shall be placed on this Agreement until it is so executed and approved.

3. Purchase Price. The purchase price shall be Five Hundred Eight Five Thousand Dollars and No Cents: (\$585,000.00).

3.1 Earnest Money. As earnest money, within five days of the Effective Date of this Agreement, Purchaser shall deposit the principal sum of Fifty Eight Thousand Five Hundred Dollars and No Cents: (\$58,500.00) into the Escrow described below which shall be applied to the purchase price at closing. If this Agreement does not close on the date agreed upon, including any extensions, or is otherwise terminated and such failure to close or termination is not due to or allowed by a contingency or other condition set forth under this Agreement and is not the

fault of the Seller, then the closing agent shall pay the earnest money deposit to the Seller; otherwise, the closing agent shall return the earnest money to the Purchaser.

3.2 Payment of Purchase Price. After the subtraction of all credits including any earnest money paid, Purchaser shall pay the balance of the Purchase Price to the Seller on the Closing Date via wire transfer of funds, or a certified check or cashier's check.

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 Land Title and Escrow (the "Closing Agent"), whose address is 111 E. George Hopper Road, Burlington, Washington 98233.

5. Title. Subject to the terms herein, the Seller agrees to execute and deliver on the date of closing a Quitclaim Deed to the subject Property. Encumbrances shall be addressed through the following process. At or prior to the end of the Study Period as defined in paragraph 6.1, Purchaser shall provide the Closing Agent and Seller a written identification of any exceptions to title, as shown on a preliminary title report or commitment, that must be cleared. Upon receiving such notice, Seller shall have ten (10) days to agree to clear such exceptions Purchaser has identified for clearance and to notify Purchaser and the Closing Agent of such agreement. At the conclusion of said period, if Seller has not agreed to clear all such exceptions, Purchaser who may then either:

a. Terminate this Agreement, by written notice to Seller at least three days before closing. Thereafter neither party shall have any further rights or liabilities hereunder and the cash deposit/earnest money and any accrued interest, less extension fees paid, shall be returned/paid to the Purchaser: or

b. Waive its objections to title or reach a written agreement with Seller (a copy of which the Purchaser must provide the Closing Agent) as to such objections and, in such event, the parties shall close the transaction contemplated by this Agreement, subject to such exceptions that have not been eliminated by waiver or agreement. Failure to timely provide a termination notice under 5a shall be deemed a waiver of objections to title unless a written agreement resolving the objections is entered by the parties prior to closing.

6. Inspection/Evaluation, No Warranties, and Approvals.

6.1 Inspection/Evaluation of Property. Seller shall within seven (7) business days of the full execution of this Agreement use reasonable efforts to 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. Seller shall also use reasonable efforts to provide or make available other documents and information in the possession and control of Seller which Purchaser requests at least seven (7) business days prior to the end of the Study Period that are reasonably necessary to conduct Purchaser's review of the Property. Seller shall not be found to have breached this provision by failing to disclose any document unless the Seller's representative has acted in bad faith by failing to make any reasonable effort to locate the document or knowingly failed to disclose the document in question. For purposes of this Agreement the Seller's representative is Stefanie Fuller.

Purchaser shall have until the expiration of seventy (70) days after the Effective Date of this Agreement (referred to herein as the Study Period) in which to conduct its review of the Property and reject the Property. Said review may include periodic physical and engineering inspections of the Property. Seller agrees to cooperate with and assist Purchaser in the physical inspections of the Property, 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, to as near as may reasonably be achieved a condition as good as or better than it was prior to the damage, to as near as may reasonably be achieved a condition as good as or better than it was prior to the damage. If Purchaser fails to reject the property in writing prior to the end of the Study Period, as may be extended, the contingency for inspection will be deemed to be fulfilled and the property may not be rejected under this paragraph. If the Purchaser rejects the property within the Study Period, this Agreement shall terminate and the earnest money shall be returned to the Purchaser. The duty to repair the property shall survive termination, if the Agreement terminates prior to closing.

6.2 Warranties. Purchaser specifically acknowledges and agrees that, except as provided below, (1) Seller does not make any representations or warranties of any kind whatsoever, either express or implied, with respect to the Property, and (2) the Property is conveyed to Purchaser in an "As-Is" and "WITH ALL FAULTS" condition as of the date of closing, 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. Seller represents and warrants to Purchaser, as of the Effective Date and as of the Closing Date, as follows: (a) the execution and delivery of this Agreement by Seller and the consummation of the transaction contemplated hereby, has been duly authorized by all necessary action on the part of Seller, this Agreement is the valid and enforceable obligation of Seller legally enforceable in accordance with its terms, and no consent by any third party is required to complete the transaction contemplated hereby; (b) Seller has received no notice from any governmental authority that the Property, or any part thereof, is in violation of any law or regulation applicable to the Property; and (c) there are no actions, suits, or legal proceedings or any other proceedings affecting the Property, at law or equity, before any court of governmental agency.

6.3 Waiver of Disclosures. To the extent legally permitted, Purchaser waives all disclosures required by RCW 64.06. However, Purchaser does not waive the receipt of any disclosures required by RCW 64.06 that may not be waived (e.g. environmental), which disclosures shall be provided by Seller.

7. Closing. Closing of this transaction shall occur in the offices of the Closing Agent, on or before January 10, 2018. For purposes of this Agreement the "closing" shall have occurred when all appropriate documents are recorded and the proceeds required for the sale are disbursed to Seller.

7.1 Extensions. In the event the Purchaser wishes to extend the closing date, the Seller agrees that the Purchaser may extend the closing date for a period of 30 days or less, a period of twice, by paying Fifteen Thousand Dollars and No Cents: (\$15,000.00) for each extension period, which is non-refundable, but will apply to the purchase price at closing.

7.2 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;
- 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;
- f) Utilities charges for utilities services provided prior to closing; all utilities such as electricity, water, natural gas, oil and real property taxes shall be prorated to the date of closing.

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.

8. 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.

9. 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.

10. 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.

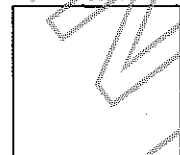
11. Commission. Seller warrants and represents to Purchaser that Seller is responsible for all real estate brokerage commissions or fees of any kind or type that are due and payable on this transaction.

12. 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.

13. 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 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.

14. Amendment, Waiver. No modification, termination, waiver, or amendment of this Agreement may be made except by written agreement signed by all parties or as otherwise specifically 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. This provision shall survive closing.

15. 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, or electronic mail to the email address below that was received at that address (date of notice is date of receipt) addressed as follows or to such other address as may be noticed by either party compliant with this notice:



SELLER: STATE OF WASHINGTON  
The Department of Enterprise Services  
ATTN: Stefanie Fuller, Real Estate Services  
Post Office Box 41468  
Olympia, Washington 98504-1468

PURCHASER: HKP Properties, LLC  
314 Pine Street, Suite 205  
Mount Vernon, Washington 98273

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.

16. 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 under any circumstances and further may not be changed in a writing if such writing is not signed by all parties, unless otherwise specifically provided herein.

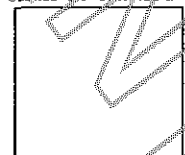
17. Leases. All leases on land and/or improvements on the property shall be assigned to the Purchaser at the time of closing. All rents, including prepaid rents, if any, shall be prorated to the date of closing and any damage or security deposits affecting terminated tenancies shall be refunded at closing 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.

18. Indemnity. Purchaser shall indemnify, and hold Seller harmless from and against any claims, actions, costs, expenses and liabilities, including without limitation payment of reasonable attorneys' fees, which Seller may suffer or incur as a result of (i) any tortious 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; and (iii) any failure of Purchaser to perform any of its obligations hereunder. This provision shall survive closing.

19. 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.

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

21. Default; Remedies; Specific Performance. In the event of material breach or default in or of this Agreement or any of the 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; or (b) 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, terms, covenants, conditions or provisions hereof by Purchaser, Seller's remedy shall be as allowed by law; provided, if Seller is entitled to obtain



the earnest money per paragraph 3.1, that remedy shall be Seller's sole remedy, except for payment of damages that Purchaser may have caused to the property.

22. 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.

23. 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.

24. 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.

25. 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.

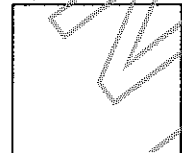
26. Release. All parties to this Agreement hereby release each other from any and all claims involving the Property, except for any future claims brought for the sole purpose of enforcing the terms of this Agreement.

27. Identity of Grantee. Unless otherwise notified by Purchaser in writing prior to the date of closing, Seller shall convey the Property to Purchaser as follows:

HKP Properties, LLC

28. Exhibits. The following exhibits described herein and attached hereto are fully incorporated into this Agreement by this reference:

Exhibit "A" – Legal Description



UNOFFICIAL DOCUMENT

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names.

HKE Properties, LLC, a Washington Limited Liability Company

By [Signature]

Printed Name: Brian Papp

Title: Co-Manager

Date: October 30, 2017

By [Signature]

Printed Name: Julie Blazek

Title: Co-Manager

Date: October 30, 2017

STATE OF WASHINGTON

The Department of Enterprise Services

[Signature]  
Sean Wallace, Assistant Director  
Real Estate Services

← \*original signature\*

Date: 11/6/17

APPROVED AS TO FORM:

By [Signature]

Date: November 3, 2017

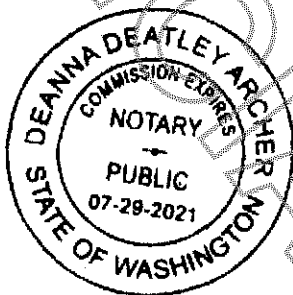
Assistant Attorney General

COPY  
Scanned Signatures

STATE OF WASHINGTON )  
 ) ss.  
County of Skagit )

I, the undersigned, a Notary Public, do hereby certify that on this 30<sup>th</sup> day of October, 2017 personally appeared before me Brian Poppe, Co-Manager of HKP Properties, LLC 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 free and voluntary act and deed, for the purposes and uses therein mentioned.

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

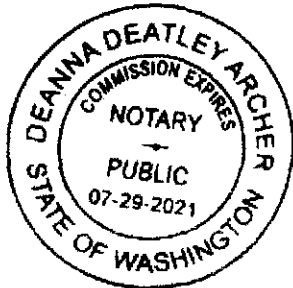


Deanna Deatley Archer  
Notary Public in and for the State of Washington,  
Residing at Mount Vernon, WA  
My commission expires 7/29/2021

STATE OF WASHINGTON )  
 ) ss.  
County of Skagit )

I, the undersigned, a Notary Public, do hereby certify that on this 30<sup>th</sup> day of October, 2017 personally appeared before me Julie Blazek, Co-Manager of HKP Properties, LLC 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 free and voluntary act and deed, for the purposes and uses therein mentioned.

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



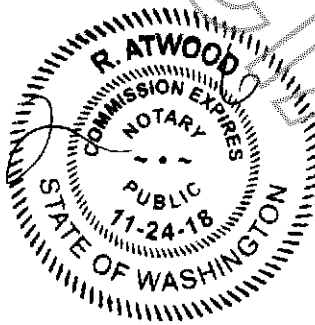
Deanna Deatley Archer  
Notary Public in and for the State of Washington,  
Residing at Mount Vernon  
My commission expires 7/29/2021

COPY  
Scanned Notary page

STATE OF WASHINGTON )  
 ) ss.  
County of Thurston )

I, the undersigned, a Notary Public, do hereby certify that on this 6<sup>th</sup> day of November, 2017, personally appeared before me SETH WALLACE, Assistant Director, Real Estate Services, Department of Enterprise Services, 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 (s)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.



R. Atwood  
Notary Public in and for the State of Washington,  
Residing at Thurston Co  
My commission expires 11-24-18

UNOFFICIAL DOCUMENT

## EXHIBIT "A"

### DESCRIPTION:

Lots 5, 6 and 7, Block 12, "MAP OF MOUNT VERNON, GATES 1ST AND 2ND ADDITIONS TO MOUNT VERNON," as per plat recorded in Volume 2 of Plats, page 98, records of Skagit County, Washington; being described within that instrument recorded under Skagit County Auditor's File No. 718632, as follows:

All that piece or parcel of land situate, lying and being in the City of Mount Vernon, County of Skagit, State of Washington, beginning at a concrete monument set at the point of intersection of the West line of 3<sup>rd</sup> Street with the South line of Montgomery Street, and running thence North 70°16'30" West 94.02 feet to a concrete monument set at the point of intersection of the Southerly line of Montgomery Street with the Easterly line of a 12 foot wide public alley;  
thence South 20°0' West 150.08 feet along the Easterly line of said public alley to a point;  
thence South 70°16'30" East 94.03 feet to a point, and  
thence North 20°0' East 150.07 feet along the West line of 3<sup>rd</sup> Street to the point of beginning, being all of Lots 5, 6 and 7, Block 12, "GATES SECOND ADDITION TO MOUNT VERNON according to the recorded plat thereof.

EXCEPT the West 6 feet heretofore conveyed to the City of Mount Vernon by Deeds recorded May 8, 1924, under Skagit County Auditor's File Nos. 174087 and 174088.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.