

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is dated for reference purposes as of _____, 2018 by and between GRAVITATE CAPITAL, LLC, a Washington limited liability company ("Seller"), and LA CENTER SCHOOL DISTRICT NO. 101, a Washington public school district ("Buyer"). The Effective Date of this Agreement is _____, 2018.

Buyer and Seller agree as follows:

1. **Definitions:** For the purposes of this Agreement, the following terms will be defined as follows:

1.1 **"Actual Knowledge":** Actual Knowledge means and is limited to the actual knowledge of William Roskowski for Seller without having conducted any independent inquiry or inspection.

1.2 **"Closing Date":** The Closing Date shall be a date selected by Buyer; provided, however, Closing shall occur no later than _____.

1.3 **"Closing":** Closing will be deemed to have occurred when the Deed is recorded in the official records of the county in which the Real Property is located.

1.4 **"Commitment":** Shall have the meaning given in Section 8 herein.

1.5 **"Deed":** Shall have the meaning given in Section 6 herein.

1.6 **"Due Diligence Period":** The Due Diligence Period is the period starting on the Effective Date and ending at 5:00 p.m. (Pacific Time) on _____, 2018 during which time Buyer shall have the opportunity to complete its due diligence as described in Sections 9.1 through Section 9.3 herein.

1.7 **"Earnest Money Deposit":** The Earnest Money Deposit will be Five Thousand and no/100 Dollars (\$5,000.00), together with any interest that may accrue on any portion thereof prior to Closing or earlier termination of this Agreement (collectively, the "Earnest Money"), and will be placed into Escrow on the Opening of Escrow.

1.8 **"Effective Date":** The Effective Date, which is the date from which all dates in this Agreement will be measured, is the date upon which this Agreement is executed by Buyer. Buyer shall complete such date in the first paragraph of this Agreement concurrent with its execution of this Agreement.

1.9 **"Environmental Law":** Shall include any federal, state or local statute, ordinance or regulation pertaining to the protection of human health or the environment including, without limitation, any substance, product, waste or other material of any nature

whatsoever which is or becomes listed, regulated, or addressed pursuant to any or all of the following statues and regulations, as the same may be amended from time to time: the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Sections 9601, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, et seq., the Toxic Substances Control Act, 15 U.S.C., Sections 2601, et seq., the Clean Water Act, 33 U.S.C. Sections 1251, et seq., and all other existing and future federal, state and local laws, ordinances, rules, regulations, orders, requirements, and decrees regulating, relating to, or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, as well as petroleum, petroleum products and by-products, gasoline or crude oil and other than petroleum and petroleum products contained within regularly operated motor vehicles, asbestos and asbestos—containing materials.

1.10 “**Escrow**”: Shall have the meaning given in Section 4 herein.

1.11 "**Escrow Holder**": The Escrow Holder is Clark County Title at the office set forth in the Section 1.14 herein.

1.12 "**Exhibits**": Exhibits means the following, each of which is attached hereto and incorporated herein by this reference:

- Exhibit A - Legal Description
- Exhibit B - Form of Deed
- Exhibit C – Form of FIRPTA Certificate

1.13 "**FIRPTA Certificate**": Shall have the meaning given in Section 6 herein.

1.14 "**Notices**": Notices will be sent to the parties at the following addresses:

Seller	:	Gravitate Capital, LLC
Seller’s Address	:	1012 Washington Street Vancouver, WA 98660
Telephone	:	_____
Fax	:	_____
With copy to counsel	:	_____
Counsel’s Address	:	_____ _____
Telephone	:	_____
Fax	:	_____
Buyer	:	La Center School District No. 101
Buyer’s Address	:	725 NE Highland Road La Center, WA 98629
Telephone	:	360-263-2131
Fax	:	_____

With copy to counsel : Horenstein Law Group PLLC
Attn: Stephen W. Horenstein
Counsel's Address : 500 Broadway, Ste. 120
Vancouver, WA 98660
Telephone : 360-696-4100
Fax : 360-696-5859

Escrow Holder : Clark County Title
Escrow Holder's Address: 1400 Washington Street, Suite 100
Telephone : Vancouver, WA 98660
Fax : 360-694-4734

1.15 "**Opening of Escrow**": Shall have the meaning given in Section 4 herein.

1.16 "**Permitted Exceptions**": Shall have the meaning given in Section 7 herein.

1.17 "**Purchase Price**": The Purchase Price for the Real Property is \$175,000.00.

1.18 "**Real Property**": That certain real property located in Clark County, Washington, and more particularly described in Exhibit A attached hereto.

1.19 "**Rollback Taxes**": Shall have the meaning given in Section 12 herein.

1.20 "**Title Company**": The Title Company is Clark County Title.

1.21 "**Title Policy**": Shall have the meaning given in Section 11 herein.

2. **Purchase and Sale.** Upon and subject to the terms and conditions set forth in this Agreement, Seller agrees to sell the Real Property to Buyer and Buyer agrees to buy the Real Property from Seller, together with all easements, hereditaments, entitlements (to the extent transferable) and appurtenances thereto. In consideration of Seller's sale and Buyer's purchase of the Real Property, Buyer will pay Seller the Purchase Price in accordance with the terms of this Agreement, and each of the parties shall perform all of their respective obligations hereunder, which includes the various indemnities as set forth herein.

3. **Purchase Price.** The Purchase Price for the Real Property will be paid as follows:

3.1 Purchase Price. The Purchase Price shall be One Hundred Seventy-Five Thousand and no/100 Dollars (\$175,000.00).

3.2 Earnest Money Deposit. Upon the Opening of Escrow, Buyer will deliver to Escrow Holder in cash, by confirmed wire transfer or by certified or cashier's check collectible in same day funds, the Earnest Money Deposit. Escrow Holder will invest the

Earnest Money Deposit in an interest bearing account and interest will accrue for the account of Buyer and will be applied against the Purchase Price through the Escrow at Closing.

3.3 Payment of Purchase Price. The Purchase Price, together with the Buyer's share of closing costs and prorations, as provided in Sections 12, 13 and 14 herein, shall be paid as follows:

3.3.1 Credit. The Earnest Money shall be credited to the Purchase Price at Closing.

3.3.2 Cash Balance. On or prior to the Closing Date, Buyer will deposit into Escrow the remaining balance of the Purchase Price in the sum of One Hundred Seventy Thousand and no/100 Dollars (\$170,000.00) in cash, by confirmed wire transfer, by certified or cashier's check, or delivery of other immediately available funds.

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3.3.4 Additional Consideration As additional consideration for this transaction, Buyer will provide a sewer line from a sewer pump station that Buyer will construct on the Real Property or Buyer's existing neighboring property and extend a sewer line from that pump station to the edge of Seller's adjacent property in a manner that does not conflict with the construction of school facilities on the Real Property and Buyers existing property. Buyer shall construct at its cost the pump station and sewer line, subject to the specifications and feasibility approval provided in Section 8.1.3.

4. **Escrow.** Within two (2) business days after the Effective Date of this Agreement, Buyer and Seller will open escrow (the "Escrow") with Escrow Holder at which time they will deliver to Escrow Holder a fully executed copy of this Agreement (the "Opening of Escrow"). The purchase and sale of the Real Property will be completed through the Escrow. Buyer and Seller agree to execute any additional instructions reasonably required by Escrow Holder. If there is a conflict between any of Escrow Holder's printed escrow instructions and this Agreement, the terms of this Agreement will govern.

5. **Real Property Condition.** Buyer represents, warrants, and covenants to Seller that Buyer will, during the Due Diligence Period, independently and personally inspect the Real Property. By execution hereof, Buyer acknowledges and agrees that, except as specifically provided in this Agreement, Seller has not made, does not make and specifically negates and disclaims any representations, warranties, promises, covenants, agreements, or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to the Real Property and any condition thereof, including without limitation any representation, warranty, statement, or promise of any kind or character made by any agent of Seller. Upon Closing, Buyer shall be deemed to have acquired the Real Property in its condition "AS-IS", with all faults. Buyer has access to consultants to evaluate the Real Property and its development.

Buyer waives the right to receive a seller disclosure statement (“Form 17-Commercial”) if required by RCW 64.06. However, if Seller would otherwise be required to provide Buyer with a Form 17-Commercial, and if the answer to any of the questions in the section of the Form 17-Commercial entitled “Environmental” would be “yes”, then Buyer does not waive the receipt of the “Environmental” section of the Form 17-Commercial which shall be provided by Seller

6. Deliveries to Escrow Holder.

6.1 By Seller. On or prior to the Closing Date, Seller will deliver or cause to be delivered to Escrow Holder the following items:

6.1.1 A Statutory Warranty Deed (“Deed”), in the form attached to this Agreement as Exhibit B, duly executed and acknowledged by Seller and in recordable form, conveying fee simple title to the Real Property to Buyer, subject to Permitted Exceptions.

6.1.2 A Transferor's Certificate of Non-Foreign Status (“FIRPTA Certificate”) in the form attached to this Agreement as Exhibit C, properly executed by Seller, under which Seller shall warrant that Seller is not a “foreign person” as defined in Section 1445 of the Internal Revenue Code of 1954, as amended.

6.1.3 An affidavit signed by each Seller party stating that (i) possession of the Real Property is being delivered; (ii) there are no unrecorded or oral leases or agreements affecting the Real Property; (iii) there are no mechanics or statutory liens against the Real Property; (iv) Seller has no Actual Knowledge of any proposed or contemplated road or access changes affecting the Real Property; and (v) such other statements as Buyer or Title Company may reasonably require including, but not limited to, an affidavit for extended coverage title insurance purposes.

6.1.4 Such corporate resolutions, certificates of good standing, trustee certificates and/or other corporate, trust or partnership documents relating to Seller as are reasonably required in connection with this transaction.

6.2 By Buyer. On or prior to the Closing Date, Buyer will deliver or cause to be delivered to Escrow Holder the following items:

(a) The balance of the Purchase Price in accordance with Section 3, which together with the Earnest Money Deposit constitute the entire Purchase Price.

(c) Such corporate resolutions, certificates of good standing, trustee certificates and/or other corporate, trust or partnership documents relating to Buyer as are reasonably required in connection with this transaction.

6.3 By Buyer and Seller. Buyer and Seller will each deposit such other instruments consistent with this Agreement as are reasonably required by Escrow Holder or otherwise required for Closing. In addition, Seller and Buyer hereby designate Escrow Holder as the “Reporting Person” for the transaction pursuant to Section 6045(e) of the Internal Revenue Code.

7. Condition of Title.

7.1 Title. At Closing, fee simple title to the Real Property will be conveyed by Seller to Buyer by the Deed, subject only to (a) a lien for real property taxes and assessments which have been assessed but are not yet due and payable; and (b) matters of title respecting the Real Property approved or deemed approved by Buyer in accordance with this Agreement as well as any matters affecting the condition of title to the Real Property created by or with the written consent of Buyer (collectively, the “Permitted Exceptions”).

8. Conditions to Closing.

8.1 Conditions Precedent to Buyer's Obligations. The following conditions must be satisfied not later than the Closing Date or such other period of time as may be specified below:

8.1.1 Title. Buyer shall obtain, as soon as available after the Effective Date, a preliminary title report or commitment for the Real Property prepared by the Title Company together with copies of the documents shown on the schedules to such report (collectively, the “Commitment”) showing the Title Company’s willingness to issue a standard coverage owner’s title insurance policy with the provision that Buyer may request an extended coverage owner’s title insurance policy on the Real Property so long as it provides the information and survey the Title Company may require to issue such extended policy. Buyer shall request that Title Company also deliver a copy of such Commitment to Seller. Buyer will have ten (10) business days after the later of receipt of (a) the Commitment and (b) the Survey within which to examine the Commitment and notify Seller in writing of any exceptions which Buyer disapproves or other objections to title including exceptions for any liens or other matters to be satisfied by Seller at Closing. If Buyer fails to notify Seller within such ten (10) business day period of any exceptions which Buyer disapproved or other objections to title, title will be deemed accepted.

8.1.1.1 If Buyer timely notifies Seller of specific disapproved exceptions or other objections to title within such ten (10) business day period, Seller will have Ten (10) business days after receipt of Buyer’s notification of any disapproved exceptions or other objections to title in which to advise Buyer in writing that:

(i) Seller will cause the disapproved exceptions or other objections to title to be removed or remedied or obtain appropriate endorsements to the Title Policy on or before the Closing Date; or

(ii) Seller will not cause the disapproved exceptions or other objections to title to be removed or remedied or cause appropriate endorsements to the Title Policy to be issued.

(iii) If Seller does not notify Buyer of its election within the five (5) business day period, Seller will be deemed to have elected to not cause the disapproved exceptions to be removed.

8.1.1.2 If Seller elects to not cause the disapproved exceptions or other objections to title to be removed or remedied or cause appropriate endorsement to the Title Policy to be issued, Buyer will have ten (10) business days after receipt of Seller's notification to elect, as its sole remedy, to:

(i) Proceed with the purchase and acquire the Real Property subject to the disapproved exceptions and other objections to title without reduction in the Purchase Price; or

(ii) Cancel the Escrow and this Agreement by written notice to Seller and Escrow Holder, in which case the Earnest Money Deposit and any interest that may have accrued on any portion thereof in Escrow before its release will be returned to Buyer and the charges of the Title Company to cancel Escrow, if any, will be shared equally by Seller and Buyer.

(iii) If Buyer does not give Seller notice of its election within ten (10) business days, Buyer will be deemed to have elected to proceed with this transaction pursuant to Section 8.1.1.2(i) above.

8.1.1.3 If Seller commits to remove any disapproved exception to title or remedy any other objection to title and fails to do so by the expiration of the Due Diligence Period, Seller will be in default under this Agreement and Buyer may, at Buyer's election, terminate this Agreement, receive an immediate return of the Earnest Money Deposit and any interest that may have accrued on any portion thereof in Escrow before its release, and pursue its remedies as set forth in Section 19. Seller shall then be solely responsible for all charges of the Title Company to cancel Escrow and to cancel commitments for title insurance, if any.

8.1.2 Inspections and Studies. By the end of the Due Diligence Period, Buyer must obtain and approve the results of any and all inspections, investigations, tests and studies as Buyer may have elected to make or obtain within the Due Diligence Period including, without limitation, soils testing; environmental and wetlands assessment; adequate ingress and egress; availability and use of utilities adequate for Buyer's purposes; feasibility, including but not limited to, financial feasibility and of using and developing the Real Property for Buyer's purposes; the management of storm water; review of Sellers' documents described in Section 9.2 below; zoning and related development requirements; permitting; variances; development agreements; and all other approvals necessary and satisfactory to Buyer. Buyer must notify Seller in writing delivered to Seller prior to the

expiration of the Due Diligence Period if it disapproves of any such results. Buyer will pay for all such inspections, tests and studies.

8.1.3 Specification and Feasibility of Sewer Line Construction. Buyer's architect will have verified the feasibility of Buyer's construction on the Real Property or Buyer's existing neighboring property of a sewer pump and sewer line and extension of the sewer line to the edge of the Seller's adjacent property with the following specifications: (a) the sewer pump is placed in a location and in depth which serves the school facilities to be constructed on the Real Property and Buyer's existing neighboring property; (b) the sewer pump is sized to accommodate the school facilities' daily flow of an average of 16,900 gallons per day, 11.7 gallons per minute, and a peak flow of 46.9 gallons per minute; (c) a 8" stub is provided to Seller's adjacent property for the sewer line; and (e) a 8" water stub is placed on Seller's adjacent property.

8.1.4 Boundary Line Adjustment. Seller shall have successfully effected a boundary line adjustment creating a separate legal lot for the Real Property, as described in Exhibit A.

8.1.5 Representations, Warranties and Covenants of Seller. Seller will have duly performed each and every agreement to be performed by Seller hereunder and, subject to the provisions of Sections 9.1 and 9.3, Seller's express representations and warranties set forth in this Agreement will be true and correct as of the Closing Date.

8.1.6 Seller's Deliveries. Seller will have delivered the items described in Section 6.1.

8.1.7 Title Insurance. As of Closing, the Title Company will issue or have committed to issue to Buyer the Title Policy described in Section 11.

8.1.8 Buyer's Waiver; Termination. The conditions set forth in this Section 8.1 are solely for the benefit of Buyer and may be waived only by Buyer. At all times Buyer has the right to waive any condition. Such waiver or waivers must be in writing to Seller. If any conditions are not satisfied or waived, in Buyer's sole discretion, on or before the end of the Due Diligence Period, without prejudice to any other rights or remedies herein and upon providing written notice to Seller, Buyer may terminate this Agreement by written notice delivered to Seller prior to the expiration of the Due Diligence Period. In the event Buyer terminates this Agreement pursuant to this paragraph or any other provision of this Agreement permitting Buyer to terminate this Agreement, the Earnest Money Deposit, together with any interest that may have accrued on any portion thereof in Escrow prior to its release, shall be immediately returned to Buyer. This Agreement thereafter shall be null and void and neither party shall have any obligation to the other except for those obligations of the parties that are expressly stated to survive. Any costs charged by the Title Company to cancel Escrow and to cancel title commitments shall be equally borne by Seller and Buyer. In the event Buyer fails to deliver notice of such termination to Seller on or before the expiration of the Due Diligence Period, Buyer shall be deemed to have satisfied and waived the conditions to its performance under

Sections 8.1.1 and 8.1.2 above and Section 9, below.

8.1.9 Seller and Buyer shall cooperate and undertake the process, if any, necessary to ensure that the Real Property being acquired by Buyer is a legal lot. The cost of such process shall be borne by Seller and, in conjunction with such process, Seller shall cooperate and execute such documents as may be necessary to ensure that the Real Property is a legal lot.

8.1 Conditions Precedent to Seller's Obligations: Closing and Seller's obligations with respect to this transaction are subject to the following conditions precedent:

8.2.1 Delivery of Documents. Buyer's delivery to Escrow Holder on or before the Closing Date, of the documents and funds described in Section 6.2, and

8.2.2 Buyer's Representations and Warranties. Buyer's representations, warranties and covenants set forth in this Agreement, continuing to be true and correct as of the Closing Date.

8.2.3 Boundary Line Adjustment. Seller shall have successfully effected a boundary line adjustment creating a separate legal lot for the Real Property, as described in Exhibit A.

The conditions set forth in this Section 8.2 are solely for the benefit of Seller and may be waived only by Seller, with such waiver to be in writing to Buyer.

9. **Due Diligence Period.**

9.1 Matters To Be Reviewed. Buyer shall have until the expiration of the Due Diligence Period to satisfy itself as to any and all aspects of the Real Property and the transaction contemplated by this Agreement including, but not limited to, the following matters:

9.1.1 the physical condition of the Real Property, including without limitation:

9.1.1.1 soils and seismic conditions (including hydrological, geological and topographical conditions),

9.1.1.2 the suitability for connection, availability and use of adequate utilities and public access,

9.1.1.3 the status and nature of any existing or proposed assessment districts and the amount of any assessment liability,

9.1.1.4 the character and amount of any fee or charge which may be imposed in connection with the development of the Real Property, and

9.1.1.5 compliance of the Real Property with all applicable laws, including any Environmental Laws, as well as any other laws, statutes, ordinances or regulations pertaining to hazardous waste, hazardous materials, hazardous substances, toxic materials, toxic substances (collectively, "Hazardous Substances"), health, industrial hygiene, or the environment;

9.1.1.6 applicable government ordinances, rules and regulations and evidence of compliance therewith including, without limitation, zoning and building regulations;

9.1.1.7 all private restrictions applicable to the Real Property including, without limitation, declarations of covenants, conditions and restrictions, easement and operating agreements, and architectural and development restrictions;

9.1.1.8 all licenses, permits, subdivision conditions, improvement agreements, bonds, development agreements, and any and all other governmental approvals and/or authorizations relating to the Real Property;

9.1.1.9 leases, agreements, contracts, documents, instruments, reports, surveys, and books and records relating to the Real Property;

9.1.1.10 a satisfactory survey made by a licensed surveyor selected and paid for by Buyer (the "Survey"); and

9.1.1.11 any and all other matters concerning the current and future use, feasibility or value, or governmental permissions or entitlements pertaining to the Real Property, or any other matter or circumstances relevant to Buyer in its sole discretion concerning the Real Property and its marketability.

Seller will allow Buyer and/or its agents and consultants access to the Real Property from and after the Effective Date of this Agreement to perform any and all investigations and inspections desired by Buyer, provided that any entry will be subject to the provisions of Section 18.

Seller agrees to execute all documents reasonably required by Buyer in connection with Buyer's applications for any information or permits related to the Real Property and shall provide testimony at hearings as required.

In the event Buyer fails to close the transaction contemplated by this Agreement, Buyer shall provide to Seller copies of the Survey and all third-party reports, surveys, studies prepared in connection with Buyer's investigation and due diligence and all applications and materials submitted in connection with or to supplement applications that were

submitted prior to Closing. Notwithstanding the foregoing, however, Buyer will provide Seller with a copy of the Survey within two (2) business days after Buyer's receipt thereof. Seller acknowledges that Buyer is furnishing to Seller copies of all such documents and information prepared by and obtained from third parties for informational purposes only and without representation or warranty as to the accuracy or completeness of the contents of such materials.

9.2 Delivery of Copies. Within Five (5)) business days after the Effective Date of this Agreement, Seller will provide to Buyer copies of all title documents including covenants and restrictions, surveys, and soils, environmental, and utility plans reports on the Real Property, permits, and all other agreements and reports which affect the Real Property or its development, operation or use which are in Seller's possession including, without limitation, any and all rental or lease agreements Seller may have with others relating to the use of the Real Property for farming or other purposes. Buyer acknowledges Seller is furnishing to Buyer copies of all such documents and information prepared by and obtained from third parties for informational purposes only and without representation or warranty as to the accuracy or completeness of the contents of such materials.

9.3 Notice of Objections.

9.3.1 If Buyer fails to notify Seller in writing prior to the expiration of the Due Diligence Period of any objections to any matter discovered within the Due Diligence Period, Buyer will be deemed to have approved matters referred to therein or otherwise deemed relevant to Buyer in respect of the Real Property, and Buyer shall be deemed to have satisfied and waived its conditions pursuant to Section 8.1.1 and 8.1.2 above and this Section 9.

9.3.2 If Buyer notifies Seller in writing prior to the expiration of the Due Diligence Period of any objections to any matters relating to the Real Property within the Due Diligence Period, the parties will have five (5) business days to discuss resolution of the objection(s). This Agreement does not require either party to agree to a solution. If the parties cannot agree within the five (5) business day period as to resolution of the objection(s), then Buyer may terminate this Agreement by written notice to Seller and Escrow Holder, which notice must be given within three (3) business days after the expiration of the five (5) business day period and, as its sole remedy, Buyer will be entitled to the return of the Earnest Money Deposit, including any interest that may have accrued on any portion thereof in Escrow before its release. Any charges of the Title Company charged to cancel Escrow or to cancel title commitments, will be borne equally by Seller and Buyer.

9.3.3 However, if Buyer gives Seller notice of its election to terminate this Agreement, Seller may elect, by written notice to Buyer and to Escrow Holder within five (5) business days following Seller's receipt of Buyer's notice, to correct the objectionable matter prior to Closing. If Seller elects to correct the objectionable matter, Seller will be entitled to extend the Due Diligence Period for not more than fifteen (15) days in order to correct the objectionable matter and, in such event, Seller will so notify

Buyer and Escrow Holder in writing and this Agreement will not terminate. If Seller fails to correct the objectionable matter by the expiration of the Due Diligence Period, as extended, Buyer may terminate this Agreement and receive a refund of its Earnest Money Deposit including any interest that may have accrued on any portion thereof in Escrow prior to its release. Any charges of the Title Company to cancel Escrow or to cancel title commitments will be borne equally by Seller and Buyer.

10. **Representations; Condition of the Real Property.**

10.1 Seller's Representations and Warranties. Seller represents and warrants to Buyer as follows:

10.1.1 The persons who have executed this Agreement have been duly authorized to do so by Seller. All documents delivered at Closing will be executed by a duly authorized person. Seller has a good and legal right to enter into this Agreement and to perform all covenants of Seller contained in this Agreement in accordance with its terms. All requisite action (corporate, trust, trustee, partnership or otherwise) has been taken by Seller in connection with the entering into of this Agreement, the instruments referenced herein, and the consummation of this transaction. No further consent of any partner, shareholder, trustee, beneficiary, creditor, investor, judicial or administrative body, governmental authority or other party is required.

10.1.2 To Seller's Actual Knowledge and as except to third-party reports and surveys received by Buyer prior to the expiration of the Due Diligence Period, each item of information furnished by Seller to Buyer in connection with this Agreement is accurate and complete, unless otherwise noted.

10.1.3 Seller warrants that now and at the time of Closing, to Seller's Actual Knowledge, there exists no pending or threatened condemnation or litigation affecting the Real Property or the sale thereof to Buyer.

10.1.4 Seller warrants that, unless otherwise disclosed in writing attached hereto, the Real Property is now a legal lot and no partition, subdivision, lot line adjustment or other action is required to create the Real Property as a separate and distinct parcel pursuant to applicable laws, ordinances and regulations.

10.1.5 Seller has received no written notice addressed to Seller or related entities, and has no Actual Knowledge of any violation or investigation of violation of any applicable law or ordinance affecting the Real Property.

10.1.6 Unless otherwise disclosed in writing and delivered to Buyer in accord with the terms of Section 9.2 (a) there are no leases affecting all or any part of the Real Property; (b) there are no written or oral promises, understandings, agreements or other commitments between Seller and any other person affecting the Real Property; and (c) there are no easements, licenses or permits allowing any use of the Real Property or appurtenant to the Real Property other than those recorded in the official records of the county in which the Real Property is located.

10.1.7 During the time Seller has owned the Real Property, Seller has not released to the soil or groundwater on the Real Property any toxic or hazardous substances, as defined under any Environmental Law, in any material concentration or quantity.

10.1.8 To Seller's Actual Knowledge, there has been no production, discharge, disposal or storage on or from or onto the Real Property, or any Real Property adjacent thereto, of any hazardous or other toxic substance as defined under Environmental Laws, and there is no proceeding or inquiry by any governmental body with respect thereto. To Seller's Actual Knowledge, there are no material concentrations of hazardous wastes or Hazardous Substances as defined under Environmental Laws on, in or under the Real Property. To Seller's Actual Knowledge neither the Real Property nor any improvements or fixtures located on the Real Property use any building materials that contain hazardous or toxic substances including, without limitation, asbestos or PCBs, and there are no underground storage tanks on the Real Property.

10.1.9 Unless otherwise permitted by this Agreement or, in each instance, unless Seller first obtains the prior written consent of Buyer, Seller will not (a) grant or convey, suffer or allow any easement, lease, license, permit or any other right or interest in and to the Real Property, unless such right or interest exists as of the date hereof and has been fully disclosed in writing to Buyer; (b) construct or allow the construction of any structures on or improvements to the Real Property; or (c) remove fill from or in any way commit waste on the Real Property.

10.1.10 Prior to Closing, Seller will (a) do or cause to be done all things reasonably within its control to preserve intact and unimpaired any and all easements, grants, appurtenances, privileges, licenses, structures and improvements which benefit or constitute any portion of the Real Property, and (b) pay, as and when due, all payments on any encumbrances and all taxes, assessments and levies which affect the Real Property on the Effective Date and at any time prior to Closing.

10.1.11 Seller is not a "foreign person" within the meaning of Section 1445(f) (3) of the Internal Revenue Code.

10.2 Buyer's Representations and Warranties. Buyer represents and warrants to Seller as follows:

10.2.1 The persons who have executed this Agreement have been duly authorized to do so by Buyer. All documents delivered at Closing will be executed by a duly authorized person. All requisite action (corporate, trust, trustee, partnership or otherwise) has been taken by Buyer in connection with the entering into of this Agreement, the instruments referenced herein, and the consummation of this transaction. No further consent of any partner, shareholder, trustee, beneficiary, creditor, investor, judicial or administrative body, governmental authority or other party is required.

10.2.2 No person or entity is entitled to any commission or finder's fee in connection with the transaction contemplated by this Agreement pursuant to any agreement entered into by Buyer.

10.3 Survival. All representations and warranties contained in this Agreement shall be true on the Effective Date and as of Closing and shall survive Closing and not be merged into any documents delivered at Closing.

11. **Title Insurance.** At Closing, the Title Company will issue to Buyer a 2006 ALTA Standard Coverage Owner's Policy of Title Insurance, or a 2006 ALTA Extended Coverage Owner's Policy of Title Insurance, as requested by Buyer, with coverage in an amount equal to the Purchase Price showing title to the Real Property vested in Buyer subject only to the Permitted Exceptions ("Title Policy"). Seller shall pay the proration of the premium equivalent to the premium for a 2006 ALTA standard coverage owner's policy of title insurance. The additional premium for the extended coverage policy and the cost of any endorsements reasonably requested by Buyer will be paid by Buyer.

12. **Rollback/Recapture Taxes.** In the event the Real Property is subject to rollback or recapture taxes ("Rollback Taxes"), Seller shall pay the amount of such taxes at or before Closing. If the amount of such Rollback Taxes is not ascertainable at Closing, 110% of the estimated amount of such taxes shall be held in escrow by the Escrow Holder until the amount of the Rollback Taxes is known, at which time the Rollback Taxes will be paid out of the funds held back and the balance, if any, paid to Seller. The Title Company will issue its policy in favor of Buyer free of any exception for Rollback Taxes.

13. **Costs and Expenses.**

13.1 Seller Expenses. Seller shall pay the portion of the premium and related sales taxes for the Title Policy equivalent to the premium for a 2006 ALTA owner's standard form title insurance policy; one-half of all escrow fee; all liens, encumbrances, and other charges against the Real Property which are due and payable as of Closing; Seller's share of prorations; recording fees for documents required to clear title; any transfer taxes or other fees relating to the conveyance of the Real Property to Buyer; any rollback or recapture taxes due or to become due which relate to the period prior to Closing; any commission applicable to this transaction due to Broker(s) retained by Seller, and any other costs customarily paid by a seller.

13.2 Buyer Expenses. Buyer shall pay the fee for recording the Deed, the additional premium and related sales taxes for extended coverage of the Title Policy and the costs of any endorsements requested by Buyer, Buyer's share of prorations, and one-half of the escrow fee, and any other costs customarily paid by a buyer.

13.3 Legal and Professional Fees. Buyer and Seller will each pay all legal and professional fees and fees of other consultants incurred by Buyer and Seller, respectively.

14. **Prorations.**

14.1 Taxes and Assessment. All non-delinquent real estate taxes and

assessments on the Real Property will be prorated as of Closing based on the actual current tax bill. For any assessment payable in annual installments which is not in default, the installments payable for the applicable tax year shall be prorated between the parties and Buyer shall be responsible for installments thereafter post-Closing. If Closing takes place before the real estate taxes are fixed for the tax year in which Closing occurs, the apportionment of real estate taxes will be made on the basis of the real estate taxes for the immediately preceding tax year applied to the latest assessed valuation. All delinquent taxes and all delinquent assessments, if any, on the Real Property will be paid at Closing from funds accruing to Seller. All supplemental taxes billed after Closing attributable to periods and prorated for periods prior to Closing will be paid promptly by Seller. Any tax refunds received by Buyer which are allocable to the period prior to Closing will be paid by Buyer to Seller.

14.2 Utilities. N/A.

14.3 Method of Proration. All prorations will be made as of the Closing Date based on a 365-day year or a 30-day month, as applicable.

15. **Condemnation and Destruction.**

15.1 Eminent Domain or Taking. If proceedings under a power of eminent domain relating to the Real Property or any part thereof are commenced prior to Closing, Seller will promptly inform Buyer in writing.

15.1.1 If such proceedings involve the taking of title to all or, in Buyer's reasonable business judgment, a material portion of the Real Property based on Buyer's intended use for a school facility, Buyer may elect to terminate this Agreement by notice in writing sent within twenty (20) days following Seller's written notice to Buyer, in which case the Earnest Money Deposit, including any interest that may have accrued on any portion thereof in Escrow prior to its release, less Buyer's one-half share of the charges of the Title Company to cancel Escrow and to cancel title commitments, will be returned to Buyer, and neither party will have any further obligation to or rights against the other except any rights or obligations of either party which are expressly stated to survive termination of this Agreement.

15.1.2 If the proceedings do not involve the taking of title to all or, in Buyer's reasonable business judgment, a material portion of the Real Property, or if Buyer does not elect to terminate this Agreement, this transaction will be consummated as described herein and any award or settlement payable with respect to such proceeding will be paid or assigned to Buyer upon Closing.

15.1.3 If this sale is not consummated for any reason, any condemnation award or settlement will belong to Seller.

16. **Indemnification.**

16.1 Indemnification By Seller. Seller agrees to indemnify, defend and hold Buyer harmless for, from and against any and all claims, demands, liabilities, costs, expenses, damages and losses, cause or causes of action and suit or suits of any nature whatsoever arising from any material misrepresentation or breach of warranty or covenant by Seller in this Agreement.

16.2 Indemnification by Buyer. Buyer agrees to indemnify, defend and hold Seller harmless for, from and against any and all claims, demands, liabilities, costs, expenses, damages and losses, cause or causes of action and suit or suits of any nature whatsoever arising out of the ownership and/or operation of the Real Property after the Closing Date or any material misrepresentation or breach of warranty or covenant by Buyer in this Agreement.

16.3 Survival. Notwithstanding any other provision in this Agreement to the contrary, the provisions of this Section 16 will survive Closing for a period of two (2) years.

17. **Notices.** All notices or other communications required or permitted hereunder must be in writing, and must be personally delivered (including by means of professional messenger service), sent by facsimile to the telecopy number specified in Section 1 or sent by overnight courier, or sent by certified mail, postage prepaid, return receipt requested, to the addresses set forth in Section 1. All notices sent by mail will be deemed received five (5) days after the date of mailing; any notice sent by facsimile shall be deemed given when receipt has been confirmed either electronically or otherwise; and all notices sent by other means permitted herein shall be deemed received on the date delivered. However, if any such notice is delivered other than during the business hours of 9:00 am to 5:00 p.m. (Pacific Time), on a business day (Monday through Friday on days that federally chartered banks are not closed), then such notice shall be deemed delivered on the next following business day. Refusal of delivery shall be deemed delivery hereunder, and delivery need only be attempted to the addresses for notice provided in this Agreement.

18. **Entry.** Buyer and Buyer's representatives, agents, consultants and their designees will have the right, at reasonable times and upon not less than one (1) business day's prior oral or written notice to Seller, (which notice must include the general scope of the planned testing and investigations) to enter upon the Real Property in connection with Buyer's Due Diligence or other investigation of the Real Property. In the event that such testing shall involve drilling or other invasive practices or methods, such testing, investigation and restoration must be approved in advance in writing by Seller, which approval shall not be unreasonably withheld, conditioned, or delayed.

18.1 Real Property Protection. Buyer agrees that Buyer will indemnify, defend and hold Seller harmless for, from and against any and all claims, damages, costs, liabilities and losses (including mechanics' liens but excluding diminution in the value of the Real Property resulting from the mere discovery of any condition) arising out of any physical damage to the Real Property caused by Buyer or its agents, consultants, or their designees in connection with Buyer's investigation of the Real Property. Additionally,

Buyer will restore the Real Property to as close as reasonably possible to the condition in which the Real Property existed prior to Buyer's entry at Buyer's sole cost and expense if the transaction contemplated by this Agreement does not close. Until restoration is complete, Buyer will take all steps necessary to ensure that any conditions on the Real Property created by Buyer's testing will not create any dangerous, unhealthy, or noisy conditions on the Real Property.

18.2 Insurance. If requested by Seller, then prior to any entry, Buyer will obtain, maintain and provide Seller, or shall cause any consultant, contractor or other person entering the Real Property at Buyer's request to obtain, maintain and provide Seller, with proof of commercial general liability and automotive liability insurance in the amount of not less than One Million Dollars (\$1,000,000.00) per occurrence, and in the event of invasive testing, evidence of professional liability insurance for contractors or consultants conducting such invasive work in amounts reasonably satisfactory to Seller.

19. Default.

19.1 Default by Buyer. Buyer and Seller agree that it would be impractical and extremely difficult to estimate the damages that Seller may suffer upon Buyer's default. Therefore, Buyer and Seller agree that a reasonable estimate of the total net detriment that Seller would suffer in the event that Buyer defaults and fails to complete the purchase of the Real Property is and shall be, and the Seller's sole and exclusive remedy, whether at law or in equity, is and shall be, the amount of the Earnest Money. This amount shall be the full, agreed, and liquidated damages for the breach of this Agreement by Buyer, all other claims for damage or other remedies herein being expressly waived by Seller. The payment of this amount as liquidated damages is not intended as a forfeiture or penalty, but is intended to constitute liquidated damages to Seller. In the event of Buyer's default, Buyer shall execute such reasonable documentation as Escrow Holder may require to release the Earnest Money to Seller, if not then already released.

19.2 Default by Seller. In the event Seller defaults under this Agreement, including any breach of Seller's representations or warranties, Buyer may: (a) terminate this Agreement by written notice to Seller and the Earnest Money shall immediately be refunded to Buyer and Seller shall immediately reimburse Buyer for any expenses incurred by Buyer to the date of termination related to, without limitation, all costs of reports, tests, investigations and attorneys' fees; (b) elect to proceed with closing notwithstanding Seller's default; (c) elect to proceed to cure Seller's default in which event Seller shall reimburse Buyer, on demand, for all of Buyer's costs and expenses together with interest thereon at the rate of twelve percent (12%) per annum (or the maximum rate allowed by law, whichever is lower); or (d) pursue all remedies available at law or in equity including, without limitation, the remedy of specific performance.

Buyer's Initials_____

Seller's Initials_____

20. **Assignment.** Buyer may not assign or otherwise transfer this Agreement or any right thereunder without the prior written consent of Seller in each instance, which consent

may be withheld in Seller's sole discretion. Any such assignment will not release Buyer from any of its obligations under this Agreement.

21. **Cooperation.** Upon Seller's request, Buyer shall reasonably cooperate, at no material additional cost to Buyer, with Seller in Seller's effort to structure its disposition of the Real Property as a simultaneous or delayed tax deferred exchange as contemplated by the provisions of Section 1031 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. Notwithstanding the foregoing obligation, under no circumstances shall the Closing Date be delayed from the date otherwise provided in this Agreement solely to accommodate such exchange structure, nor shall Buyer be required to take record title to any real property other than the Real Property. Any such exchange shall be accomplished using direct deeding. Buyer acknowledges that, without limiting any other method that Seller may use to effect any such exchange, Seller may assign its interest in this Agreement to an exchange intermediary; provided, however, that no such assignment shall relieve Seller from its obligations under this Agreement, nor shall any such exchange intermediary be responsible for any breach of representation or warranty of Seller contained in this Agreement. No such exchange structure shall increase Buyer's costs in acquiring the Real Property beyond those that would exist in a typical purchase and sale transaction between sophisticated parties for property such as the Real Property, and Seller shall save, protect, defend and indemnify Buyer from any loss, claim, cost, damage, cause of action, fine, penalty or expense including, without limitation, reasonable attorneys' fees, court costs and fees of experts, incurred by Buyer primarily as a result of Seller's attempt to structure its disposition of the Real Property as an exchange, rather than such a purchase and sale transaction. It is expressly agreed by Seller that Seller's inability to obtain the desired tax treatment for any exchange shall not affect the enforceability of this Agreement.

22. **Miscellaneous.**

22.1 Counterparts This Agreement may be executed in counterparts.

22.2 Partial Invalidity. If any term or provision of this Agreement will be deemed to be invalid or unenforceable to any extent, the remainder of this Agreement will not be affected thereby, and each remaining term and provision of this Agreement will be valid and enforceable to the fullest extent permitted by law.

22.3 Possession of the Real Property. Seller will deliver exclusive possession of the Real Property to Buyer upon Closing.

22.4 Waivers. No waiver of any breach of any covenant or provision contained herein will be deemed a waiver of any preceding or subsiding breach thereof or of any other covenant or provision contained herein. No extension of time for performance of any obligation or act will be deemed an extension of the time for performance of any other obligation or act except those of the waiving party, which will be extended by a period of time equal to the period of the delay.

22.5 Successors and Assigns. Subject to the limitations outlined in Section 20 herein, this Agreement is binding upon and inures to the benefit of the parties' successors and assigns.

22.6 Professional Fees. In the event any action or suit is brought by a party hereto against another party hereunder by reason of any breach of any of the covenants, agreements or provisions on the part of the other party arising out of this Agreement, the prevailing party will be entitled to have the recovery of and from the other party all costs and expenses of the action or suit, actual reasonable attorneys' fees, witness fees and any other professional fees resulting therefrom whether at trial or on appeal.

22.7 Entire Agreement. This Agreement (including all Exhibits attached hereto) constitutes the entire contract between the parties hereto with respect to the subject matter hereof, supersedes and replaces all written and oral agreements previously made or existing between the parties, and may not be modified except by an instrument in writing signed by the party to be charged.

22.8 Time of Essence. Seller and Buyer hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation and provision hereof.

22.9 Construction. This Agreement has been prepared by Buyer and its professional advisors and reviewed by Seller and its professional advisers. Seller and Buyer and their respective advisors believe that this Agreement is the product of all of their efforts, that it expresses their agreement and that it should not be interpreted in favor of or against either Buyer or Seller. The parties further agree that this Agreement will be construed to effectuate the normal and reasonable expectations of a sophisticated Seller and Buyer.

22.10 Governing Law, Jurisdiction and Venue. The parties hereto expressly agree that this Agreement will be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of Washington. Jurisdiction and venue for any dispute arising hereunder shall be in the Superior Court of Clark County, State of Washington. is

22.11 Confidentiality. Unless otherwise agreed to in writing by Seller and Buyer, each party will keep confidential all documents, financial statements, reports or other information provided to, or generated by the other party relating to the Real Property (excluding any obligation on Seller's part with respect to such documents, statements, reports or information provided to Seller under Section 8.1.2) and will not disclose any such information to any person other than (a) those employees and agents of Seller or Buyer; (b) those who are actively and directly participating in the evaluation of the Real Property and the negotiation and execution of this Agreement or financing of the purchase of the Real Property and (c) governmental, administrative, regulatory or judicial authorities in the investigation of the compliance of the Real Property with applicable legal requirements. However, Buyer expressly covenants and agrees that it will not disclose any

code compliance, environmental or other regulatory matters to governmental or other authorities without prior written notice to Seller, except to the extent required by applicable law. Upon any termination of this Agreement prior to Closing, Buyer will promptly return to Seller copies of all documents or other information pertaining to the Real Property provided by Seller to Buyer, including, without limitation, those provided pursuant to Section 9.

22.12 Saturday, Sunday and Legal Holidays. If the time for performance of any of the terms, conditions and provisions of this Agreement shall fall on a Saturday, Sunday, or legal holiday, then the time for such performance shall be extended to the next business day thereafter.

22.13 Patriot Act Compliance. Neither Seller nor, to Seller's knowledge, any of its constituents, associates (including its lender), affiliates, partners, members or shareholders, nor any beneficial owner of Seller or of any such associate, affiliate, partner, member or shareholder (a) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury ("OFAC") pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (September 25, 2001) (the "Order"); (b) is listed on any other list of terrorists or terrorist organizations maintained pursuant to the Order, the rules and regulations of OFAC or any other applicable requirements contained in any enabling legislation or other Executive Orders in respect of the Order (the Order and such other rules, regulations, legislation or orders are collectively called the "Orders"); (c) is engaged in activities prohibited in the Orders; or (d) has been convicted, pleaded nolo contendere, indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering.

22.15 No Recordation. This Agreement, and any memorandum of this Agreement, may not be recorded without the prior written consent of Seller in its reasonable business judgment. Any such consent or approval may be conditioned upon Buyer providing Seller with a quit claim deed fully executed and acknowledged by Buyer, quit claiming any and all interests that it may have in the Real Property to Seller, which quit claim deed Seller may record in the event that this Agreement is terminated or the transaction contemplated herein is not consummated.

22.16 Not an Offer. Buyer's or Seller's delivery of unsigned copies of this Agreement is solely for the purpose of review by the party to whom delivered, and neither the delivery nor any prior communications between the parties, whether oral or written, will in any way be construed as an offer or acceptance by Buyer or Seller, nor in any way imply that Buyer or Seller is under any obligation to enter the transaction which is the subject of this Agreement. The signing of this Agreement by Seller or Buyer constitutes an offer which will not be deemed accepted by the other party unless and until the other party has signed this Agreement.

23. Utility Access. Buyer covenants and agrees that it will provide a nonexclusive utility easement from a sewer pump station to be located on the Real Property to Seller's

property immediately adjacent to the east of the Real Property. Buyer will install a sewer line within that easement for the nonexclusive use and benefit of Seller. The location of that sewer line will be determined by Buyer in connection with its location of a school facility and pump station on the Real Property. The cost of that pump station and sewer line will be borne by Buyer in exchange for a reduction of the purchase price of the Real Property as reflected in the Purchase Price set forth in Section 3 above.

[Signature Page Follows]

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year hereinabove written.

SELLER:

GRAVITATE CAPITAL, LLC
a Washington limited liability company

BUYER:

LA CENTER SCHOOL DISTRICT NO. 101
a Washington public school district

BY: _____
Title: _____

BY: _____
Title: _____

EXHIBIT A

Legal Description

EXHIBIT C

Form of FIRPTA Certificate

**FOR INDIVIDUAL TRANSFERORS
CERTIFICATE OF NON-FOREIGN STATUS**

Section 1445 of the Internal Revenue Code of 1986, as amended (the "Code"), provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. As required by Section _____ of that certain _____ Agreement, dated _____, between _____, a _____ ("Seller") and _____, a _____ ("Purchaser"), and in order to inform Purchaser that withholding of tax is not required upon the disposition of a U.S. real property interest by the Seller, Seller hereby certifies:

1. I am not a nonresident alien for purposes of United States income taxation (as that term is defined in the Code and the Treasury regulations promulgated thereunder);
2. My United States taxpayer identification number (Social Security Number) is [NNN-NN-NNNN]; and
3. My home address is [●].

I understand that this certification may be disclosed to the Internal Revenue Service by Purchaser and that any false statement contained herein could be punished by fine, imprisonment or both.

Under penalties of perjury, I declare that I have examined this certification and, to the best of my knowledge and belief, it is true, correct and complete.

By: _____

Name: _____

Date: _____