



PORT OF KENNEWICK SPECIAL COMMISSION MEETING

NOVEMBER 15, 2019 MINUTES

Commission President Thomas Moak called the Special Commission Meeting to order at 11:00 a.m. at Musser Brothers Inc. located at 3125 Rickenbacker Drive Pasco, Washington 99301.

The following were present:

Board Members: Thomas Moak, President
Don Barnes, Vice-President
Skip Novakovich, Secretary

Staff Members: Tim Arntzen, Chief Executive Officer
Tana Bader Inglima, Deputy Chief Executive Officer
Amber Hanchette, Director of Real Estate and Operations
Lucinda Luke, Port Counsel
Nick Kooiker, Chief Financial Officer
Larry Peterson, Director of Planning and Development
Lisa Schumacher, Special Projects Coordinator

PLEDGE OF ALLEGIANCE

Commissioner Novakovich led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

MOTION: Commissioner Barnes moved the Agenda as presented; Commissioner Novakovich seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

CEDARS UPDATE

A. Cedars Lease

Ms. Hanchette updated the Commission on the requested language for the Cedars lease and stated the lender for the buyer would like to modify some language. Staff and legal counsel have been reviewing acceptable language that may be satisfactory to the buyer's lender. Ms. Hanchette has updated the prospective buyer, who is fine with the time extension, to ensure that the proposed language is in place. Ms. Hanchette stated the Commission indicated at the November 12, 2019 Regular Commission Meeting to not expend staff time with coming up with unlimited restrictive uses and staff and legal counsel will look at language from a permitted use and a notice to cure standpoint. Ms. Hanchette stated staff may be coming back to the Commission for a Special Meeting prior to the December 10, 2019 Regular Commission Business Meeting to address this if an agreement with the lender can be met.

Commissioner Moak recessed the Regular Meeting at 11:02 a.m. for the auction of Port property located at Southridge.

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Commissioner Moak reconvened the Special Commission Meeting at 11:38 a.m.

Commissioner Moak anticipates the Executive Session will last approximately 15 minutes, Real Estate, Minimum Price, per RCW 42.30.110(1)(c) with action. Commissioner Moak asked the public to notify Port staff if they will return after the executive session so staff can advise if the session concludes early.

Commissioner Moak recessed the Special Commission Meeting and convened the meeting into Executive Session at 11:39 a.m. for approximately 15 minutes.

EXECUTIVE SESSION

A. Real Estate, Minimum Price per RCW 42.30.110(1)(c)

Commissioner Moak reconvened the Special Commission Meeting at 11:54 a.m.

Commissioner Moak recessed the Special Meeting at 11:54 a.m. to continue the auction of Port property located at Southridge.

Auction Closed at 12:10 p.m. with a closing bid of \$1,300,000 for all four parcels.

Commissioner Moak reconvened the Special Commission Meeting at 12:11 p.m.

Commissioner Moak recessed the Special Commission Meeting and convened the meeting into Executive Session at 12:12 p.m. for 15 minutes.

Commissioner Moak reconvened the Special Commission Meeting at 12:27 p.m.

COMMISSION COMMENTS

Commissioner Moak stated the Commission is going to take action on Item A: Real Estate from the Executive Session.

PUBLIC COMMENTS

No comments were made.

MOTION: *Commissioner Novakovich moved for approval of Resolution 2019-33, authorizing the Port's CEO to execute all necessary documentation associated with the land sale of 8.5 acres to the highest bidder of \$1,300,000 for all four parcels and to take all other action necessary to close this transaction; and further ratifies and approves all action by port officers and employees in furtherance hereof Commissioner Barnes seconded.*

Discussion:

Commissioner Novakovich thanked Musser Brothers for what they have done on this auction and he thinks the process was very fair. Commissioner Novakovich believes the Port demonstrated the real value of what property may sale for in the Southridge area. Commissioner Novakovich knows that the prices the Port hoped to get were higher, but apparently by the number of attendees today

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and the people that bid, he thinks we have arrived at a price that is fair and equitable to all parties involved. Commissioner Novakovich is pleased with the whole process.

Commissioner Barnes added, this property was marketed by staff for a number of years and was available. It was an ambitious asking price; however, any party that had genuine interest in the property could have submitted an offer at what they deemed to be a fair and reasonable price for the property. To Commissioner Barnes' knowledge, the Port did not receive any offers for the property and we have been marketing it for approximately five years. Another thing that factors into the decision today, in Commissioner Barnes' opinion, is the new Bob Olson Parkway, and there is a lot of available land for development. Commissioner Barnes stated there is competition for this property and he thinks there appears to be a fair representation of interested parties here that were bidding on the property. The Port has a great use for this money in the Vista Field and Columbia Drive areas and other areas, and he thinks it is in the best interest of the Port to accept this offer.

MOTION: Commissioner Novakovich moved to amend the motion to address the total purchase price of \$1,300,000 and a 6% buyer's premium; Commissioner Barnes seconded amending the motion. With no further discussion, the motion to amend the motion carried unanimously. All in favor 3:0.

Discussion continued:

Commissioner Moak appreciates the work of Musser Brothers, who gave several reports to the Commission on their process. The Commission saw the results of their work through advertisement, both digital and print and the handling of the auction today and the citizens in attendance. Commissioner Moak thinks we have done everything we could, from the Port of Kennewick standpoint, to try to get as much as we could out of this property and he thinks Musser Brothers has done as much as they could to get as much out of this property. At some point, this is going to be a great piece of property and the Port of Kennewick will be pleased to see the economic development that results from this property, but it may be several years out and the buyer may need to hold that property until the appropriate time. From the Port of Kennewick's standpoint, our interest is not holding that property, but to do as Commissioner Barnes said, to invest into the properties that we are working on that are going to create millions of dollars in investment in the Tri-Cities and he thinks that is the ultimate goal of the Port. We will accept this offer and wish the buyer great success in being able to develop these properties into something that will benefit the entire Tri-Cities community, because that is what we do at the Port of Kennewick.

Commissioner Moak called for a vote on the amended motion.

With no further discussion, the amended motion carried unanimously. All in favor 3:0.

PUBLIC COMMENT

No further comments were made.

ADJOURNMENT


**PORT OF KENNEWICK
SPECIAL COMMISSION MEETING**

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With no further business to bring before the Board; the meeting was adjourned 12:33 p.m.

APPROVED:

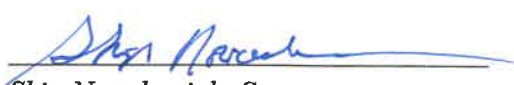
**PORT of KENNEWICK
BOARD of COMMISSIONERS**



Thomas Moak, President



Don Barnes, Vice President



Skip Novakovich, Secretary

PORT OF KENNEWICK

RESOLUTION No. 2019- 33

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK AUTHORIZING A PURCHASE AND SALE AGREEMENT FOR SOUTHRIDGE VACANT LAND SOLD BY AUCTION

WHEREAS, Cregor & Peterson Properties, LLC ^{s/or Assigns} (Purchaser), has offered to purchase approximately 8.5 acres of the area graphically depicted on "Exhibit A" and known as Parcel #: 1-4 at the Port of Kennewick's Southridge development area, in Kennewick, Washington from the Port of Kennewick (Seller) for \$1,300,000; and plus 6% buyers premium

WHEREAS, Port staff and the Port attorney have reviewed the proposed Purchase and Sale Agreement and find it is in proper form and is in the Port's best interest; and

NOW, THEREFORE; BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick hereby authorizes the Port's Chief Executive Officer to execute a Purchase and Sale Agreement and hereby authorizes the Port's Chief Executive Officer to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

BE IT FURTHER RESOLVED that the Port Commission declares that said property is surplus to the Port's needs and the proposed sale as referenced above is consistent with all previous Port policies, including its Comprehensive Scheme of Development.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 15th day of November 2019.

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

By: _____

THOMAS MOAK, President

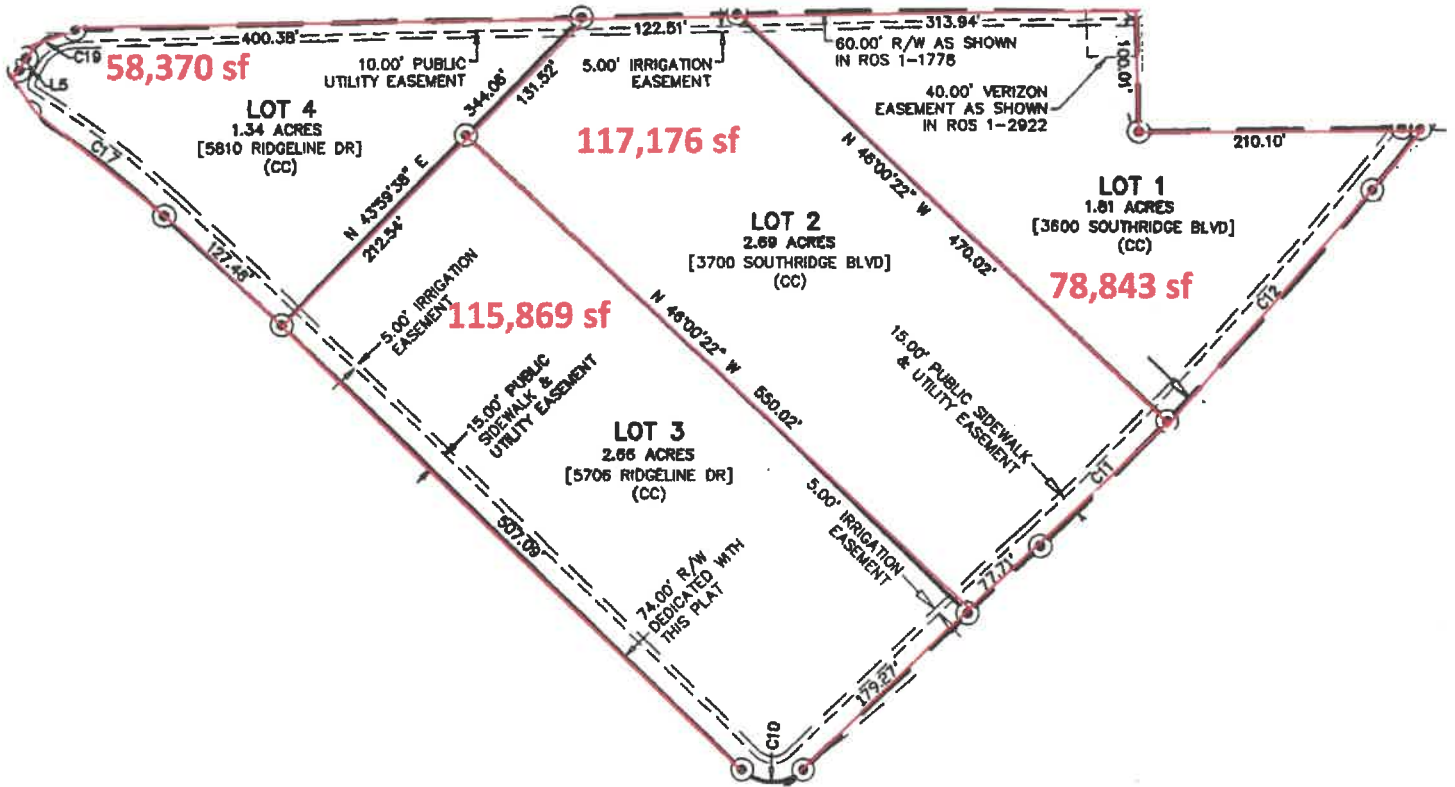
By: _____

DON BARNES, Vice President

By: _____

SKIP NOVAKOVICH, Secretary

EXHIBIT A



Lot 1	PTN: 1-1689-301-3167-001	1.81 acres	78,843 sf
Lot 2	PTN: 1-1689-301-3167-002	2.69 acres	117,176 sf
Lot 3	PTN: 1-1689-301-3167-003	2.66 acres	115,869 sf
Lot 4	PTN: 1-1689-301-3167-004	1.34 acres	58,370 sf

Real Estate Purchase and Sale Agreement

Date: November 15, 2019

Legal: Exhibit A.

Address: Kennewick, WA

Seller: Port of Kennewick

Seller Signature: Tom Cook Accepted Date: 11/15/19

High Bid: \$ 1,300,000 xx Buyer's Premium: \$ 78,000 xx

Total Contract Price: \$ 1,378,000 xx Down Payment: \$ 137,800 xx

Closing Date: On or before December 31, 2019

Deed Name: CZEROTAR & Peterson Properties, LLC AND/or ASSIGNS

Buyer #1 Name: _____

Street Address: 1030 N. Center Parkway Ste 215

City, State, Zip: Kennewick WA 99336

Tel/Email: _____

Buyer #2 Name: _____

Street Address: _____

City, State, Zip: _____

Tel/Email: _____

By signing below, Buyer acknowledges reading, understanding, and agreeing to be bound by this Contract and its Addenda (the "Contract"). Buyer acknowledges receipt of the Contract and understands and agrees to his/her digital signature being placed in the 'Buyer' blanks on the attached Contract and understands that the digital signature has full force and effect as Buyer's original signature. Buyer shall receive a fully executed version of this contract via email or facsimile number provided at time of registration

Buyer #1 Signature: [Signature]

Buyer #2 Signature: _____

SELLER RESERVES THE RIGHT TO REJECT ANY AND ALL OFFERS.

OFFER, ACCEPTANCE AND CLOSING DATE: As the high bidder at an Auction of the Property by Seller, as recorded by the Auctioneer ("Broker"), Buyer made and hereby makes an irrevocable offer ("offer") under the terms herein to purchase the Property being offered and/or describe herein. The offer shall be irrevocable by the buyer for two (2) days from the date herein. Seller may accept the offer during this period thereafter. The buyer shall be bound by the offer unless and until Broker receives from Buyer a revocation of the offer prior to the two (2) day timeframe and prior to notification to Buyer or Broker of Seller's acceptance of their offer. Revocation notification may be sent to Broker by Buyer via fax, email or letter sent to the Broker to the contact information above. Buyer and Seller agree that notice of Seller's acceptance may be sent to Buyer by Broker on Seller's behalf, via the fax, phone, email or street address provided by buyer herein or at Registration and incorporated herein. Buyer and Seller agree that Closing shall occur at a time and place to be set by the Closer, on or before the Closing Date indicated above.

Buyer, Seller and Broker (the "Parties") acknowledge and agree: they have been encouraged to seek the advice of legal counsel and that no one on behalf of Broker or Closer has or will offer legal advice to Buyer or Seller; that the Parties negotiated this Contract and it is their intent that any rule of construction that would require this Contract be construed against the drafting party shall not apply; that they have not acted under any duress or compulsions, whether legal, economic, or otherwise; that the provisions of this Contract have been expressly agreed to and were taken into consideration in determining the price offered and accepted; that other provisions notwithstanding, "time-is-of-the-essence" for completion of this Contract; that upon approval by Seller as herein provided, a valid and binding contract of sale shall exist, the terms and conditions of which are as follows:

1. BUYER'S INSPECTION, REPRESENTATIONS AND WARRANTIES: Buyer agrees, acknowledges and warrants without limitation to Seller and Broker, and their agents, affiliates, officers, employees and representatives: that it was Buyer's sole responsibility to inspect the Property prior to bidding to determine the location of structures, easements, improvements and encroachments or to determine any other matters relevant to Buyer's decision to Purchase; that the Property is being sold in gross and that any estimates of size or acreage were and are approximations only; that Buyer has had more than ten (10) days before signing this Contract to make any and all independent inspections of the Property to Buyer's complete and total satisfaction; during this period Buyer was specifically advised by Seller and broker to seek from independent sources of Buyer's choosing expert advice and/or inspections on all matters affecting the property or buyer's decision to purchase including but not limited to a Lead Based Paint Inspection or Risk Assessment, Radon Gas Test, Survey, Appraisal, Structural Report, Heat/Air Inspection, EMP Inspection, Roof Inspection, Termite Inspection, Insurance Inspection, Flood Hazard Inspection, Environmental Audit, and Legal Advice; that Buyer's inspection of the Property (or waiver thereof) has relieved and shall relieve the foregoing of any liability to Buyer and Buyer hereby accepts all liability, as between Buyer and the foregoing, and shall indemnify and hold harmless Seller, Broker, their affiliates, agents, employees, officers, representatives and owners from and against any claims, liabilities, demands or actions incident to, resulting from or in any way arising out of this transaction, or the possession, ownership, maintenance or use of the Property and that such indemnity shall survive losing and not be merged therein; that BUYER'S OPPORTUNITY TO INSPECT OR THE WAIVER THEREOF WAS TAKEN FULLY INTO CONSIDERATION IN DETERMINING THE OFFER MADE HEREIN AND REPRESENTS BUYER'S EXPRESS INTENT TO ACCEPT ALL LIABILITY ATTENDANT THERETO.

BUYER acknowledges and understands the following disclosures: 1) The mineral estate has been severed from this parcel and will not convey upon transfer of the surface estate, unless otherwise disclosed; 2) This property may be bound by the assessments and restrictions of a condo/home/property owners association and Buyer agrees to be bound by same and to assume any special assessment that may become payable after the Closing date; 3) Buyer acknowledges and understands that property herein may be subject to multiple code violations with the city/county/borough and Buyer accepts in 'As Is' condition. Buyer accepts all responsibility for an remediation, fees, or terms required by the authority thereof, which may or may not include demolition, escrow fees, or habitation certificates; 4) Property may be subject to city/county requirements for transfer and Buyer agrees to ascertain such requirements with city/county or title company and to be responsible for any fee, permit, remediation require therein, to be done after closing; 5) Neither the Seller, Broker (or Auctioneer) make any assertions or guarantees for compliance standards of the property, including smoke or CO2 detectors, and Buyer accepts all responsibility for same, including any required inspections; and 6) Neither the Seller or Broker (or Auctioneer) make any assertions or guarantees as to the condition inspection of any septic, sewer, location of leach lines, water service, or portability of any well that may be located on the property herein including but not limited to obtaining any necessary permits or inspection required by the municipality or any remediation, fees, or terms required by such authority due to dye testing or Inspection, to be performed after Closing.

BUYER expressly acknowledges being advised by Broker in sales literature and again at or prior to auction registration: that (1) the Buyer would be bound by this Contract, or including all Addendums (incorporated by reference are Seller's Addendum, if any; a Property Disclosure or Disclaimer Statement, if any; and the EPA/HUD pamphlet provided Buyer prior to bidding titled "Protect Your Family from Lead in Your Home"); and (2) TO NOT BID IF BUYER HAD NOT READ AND AGREED TO BE BOUND BY THIS CONTRACT AND ITS ADDENDUMS IN THEIR ENTIRETY.

2. SALE AND DEED: Unless otherwise specified above, SELLER shall sell the Property to Buyer and BUYER shall accept same and purchase the Property in its present condition "AS IS, WHERE IS and WITH ALL FAULTS" via a "CASH SALE" NOT SUBJECT TO FINANCING, APPRAISAL, SURVEY OR INSPECTIONS OF ANY KIND. Conveyance shall be by a Deed prepared by or on behalf of Seller, and of a form of Seller's choosing, including but not limited to a Statutory Warranty Deed (Buyer shall rely only upon the warranty provided by title insurances as defined in P. 4). If a modular, manufacture or mobile home or similar structure exists on the Property which may be considered separate from the real property as assessed or otherwise described, same will only be conveyed by Seller via a hold harmless agreement or quit claim Bill of Sale.

3. RECEIPT AND PURCHASE PRICES: Broker acknowledge receipt of the Down Payment amount indicated above and the Parties agree: Broker shall be entitled to accept Buyer's personal check for immediate deposit without recourse, trust or escrow as sums due Broker or Seller as of this date, and specifically agree and stipulate that the Down Payment SHALL NOT BE HELD IN TRUST OR ESCROW OR OTHERWISE TREATED AS 'FUNDS DUE OTHERS', AND INTEREST EARNED THEREON, IF ANY, SHALL BELONG TO BROKER. If the Buyer has tendered this deposit in the form of a certified check, cashiers check, or personal check, Buyer authorizes Broker to process the check itself, or to process the check electronically through ACH or other carrier. Buyer has funds available to cover this check at the time of execution and authorizes an electronic processing in the discretion of Broker. The balance of the Purchase Price plus costs dues from Buyer shall be paid by cash, cashiers check or certified check at Closing.

4. TITLE AND COSTS: Buyer shall receive at or before Closing an Owner's Title Insurance Policy (a.k.a. "Title Insurance Commitment" until such policy is issued), which the parties agree shall be ordered and/or prepared through Closer from an issuer Closer selects, at Seller's expense, with a face value equal to the Purchase Price herein, issuing insurable title subject to the following "Permitted Title Exceptions": (I) mineral, oil and gas interest (whether owned, severed, or reserved); (II) all easements, encroachments, overlaps, discrepancies or conflicts in boundary lines, shortage in area, or other matters of record or which could be disclosed by an accurate and complete survey or inspection of the premises; (III) all restrictions on the use of the Property, whether or not recorded, under existing and future laws, ordinances, and regulations; (IV) subdivision, deed, and plat restrictions of record; (V) current city, state and county ad valorem property and sanitary sewer taxes not yet due and payable; (VI) current leases affecting the Property; (VII) customary exceptions made to the Title Commitment by the issuer of the Title Commitment and (VII) other easements, restriction, encumbrances or mortgages specified in this Contract or any exhibit incorporated herein. "Preclusion to title" shall be in the sole discretion of the Closer or Title Examiner and shall mean any issue which would preclude clear title or transfer thereof, including city inspections, occupancy certificates, tax stamps, boundary/title disputes, lost deeds, or payoff statements. No matter shall be construed as a valid objection or preclusion to title under this Contract unless it is a) not a "Permitted Title Exception" above, and b) is construed to be a valid objection or preclusion to title by the title insurances examination attorney chosen by Closer or the policy issuer (such attorney shall be deemed Buyer's attorney for title examination purposes only), and c) is communicated to the Parties prior to Closing. In case of such Valid objection or preclusion to title, Seller shall, at Seller's option: have one-hundred and twenty (120) days (the "Cure Period") from the date of the original Closing or such addition

time as may be agreed to in writing by the Parties to satisfy such objections and preclusions; or choose to terminate the transaction by returning Buyer's down payment upon which the parties shall incur no further liability to the transaction or each other. If such objections cannot be satisfied within the Cure Period, the Down Payment shall be returned to the Buyer and this Contract shall be of no further force and effect. The Parties acknowledge and agree the following costs were estimated and disclosed by Broker prior to the Auction or Sale:

SELLER shall pay their Closing fee, and all: Title insurance premium(s); State deed tax or stamps; the cost of certifying base abstracts (if required); filing fees for releases (if any); bankruptcy search fee (if any); and any other document fees incurred by Seller (including lease assignment/estoppels). Seller shall deliver to Closer at or before Closing the duly executed and acknowledged Deed for delivery to Buyer upon payment of the Purchase Price.

BUYER shall pay their Closing fee, and all: Title exam and search fees; filing fees for deed and any note/mortgage; plat, survey inspection or other fees announced or advertised for the Auction; costs of supplemental abstraction (if required); and any and all other Closing costs incurred by Buyer. Buyer shall deliver to Closer at or before Closing, for the benefit of Seller: payment in full of the unpaid portion of the Purchase Price; all such documents as the Closer or Seller shall require prior to or at the Closing to evidence and confirm the power and authority of Buyer to close the transaction contemplated herein; an affidavit waiving inspection and assuming payment of ad valorem and land benefit taxes for the current calendar year and thereafter; and such other documents, instruments and certificates as are contemplated herein to effect and complete the Closing.

5. TAXES AND PRORATIONS: Seller shall pay in full: (I) all special assessments against the Property and of record at the date of Closing that are currently payable, Buyer agrees to be bound by same and to assume and special assessments (including payments) that may become payable after the Closing date; (II) all taxes, other than general ad valorem taxes for the current calendar year, which are a lien on the Property at the date of Closing; and (III) the cost of any item of workmanship or material furnished prior the date of Closing which is or may become a lien on the Property. If this sale or Buyer's use of the Property results in the assessment of additional taxes, whether for periods prior to, at or subsequent to the Closing, said taxes shall be the obligation of the Buyer. Unless otherwise specified, the following items shall be prorated between the Parties as of the date of Closing: (I) rents, if any; and (II) general ad valorem taxes for the current calendar year, provided that, if the amount of such taxes has not then been fixed, the pro-ratio shall be based upon the rate of levy for the previous calendar year. Any security deposit held by Seller from one or more tenants of the Property shall be transferred to Buyer at Closing and Buyer shall then assume all further liability to tenants, both in relation to such deposits and in relation to any then existing leases covering all or any part of the Property. After Closing Buyer shall indemnify and hold Seller and Broker harmless from all liability to any tenant.

6. CLOSING AND TRANSFER: If the Closer or title Issuer selected by Closer determines there are valid objections or preclusions to title as defined herein, the Closing shall be extended for the time permitted to allow Seller to cure same, as provided in Section 4 above. Upon notice from Seller or Broker that such objections have been satisfied, the Closer shall fix a date and time for Closing within two (2) business days. If Buyer requests an extension of the Closing, Seller shall have the sole right to grant Buyer and extension of Closing, for which Buyer shall pay Seller in advance a per diem fee equal to \$100 or 5/100 of a percent of the total sales prices herein (.0005 x Sales Prices), whichever is greater. Until Closing, risk of loss to the Property, ordinary wear and tear excepted, shall be borne by Seller; after Closing such risk shall be borne by Buyer. In the event the property suffers damage after the auction but prior to Closing, Seller may, at its option, choose to 1) repair the premises or compensate Buyer for reasonable repairs at Closing; or 2) cancel this Contract and refund Buyer's down payment funds on deposit. **BUYER SHALL NOT BE GRANTED POSSESSION OR USE OF THE PROPERTY IN ANY MANNER WHATSOEVER UNTIL CLOSING.**

7. BREACH OR FAILURE TO CLOSE: The parties agree that if SELLER has performed Seller's obligations under this Contract, and if at the Closing the Buyer fails to pay the balance of the Purchase Price or to perform any other obligations under this Contract, then Seller may, at Seller's option, either a) unilaterally cancel and terminate Buyer's right to purchase the Property, including all legal and equitable interest, if any, Buyer may have regarding the Property and retain all sums previously paid on the Purchase Price as liquidated damages, or b) elect to recover from Buyer the actual damages incurred by Seller, including loss of the balance of the Purchase Prices, costs of resale, attorney's fees, and such other incidental damages as may be lawfully recovered. If BUYER has performed Buyer's obligations under this Contract and Seller fails to perform its obligations under the Contract, then Buyer may, as Buyer's sole and exclusive remedy, terminate Buyer's obligation to purchase the Property, by written notice to Seller, and recovery to Buyer shall be limited to the down payment deposit on the property.

8. LIMITATIONS OF REMEDIES: Buyer agrees that in no event shall Seller, Broker or Closer be liable to Buyer for actual, punitive, speculative or consequential damages, nor shall Buyer be entitled to bring a claim to enforce specific performance of this Contract. The Parties agree that neither shall make a claim for any breach of this contract, for rescission or revocation of acceptance, or for any warranty, misrepresentation, mistake or tort unless such Party first notifies the other Parties in writing of the basis, nature and amount of such Party's claim within one-hundred and eighty (180) days after the date of this Contract, or if Closing occurs, within thirty (30) days after the Closing Date, whichever is earlier; and that any and all claims after such period shall be void as between the Parties. Any request for Arbitration by any Party must be filed within one (1) year after the date of this Contract, and shall be limited to the remedies previously described herein. The Parties expressly stipulate and agree that it is difficult or impossible to accurately ascertain the amount of damages that might be suffered by Buyer (unless the sale was not closed and Buyer's Down Payment was returned, in which event it is stipulated and agreed herein that Buyer will have suffered no damages) and that the amount of 1% of the Purchase Price is a reasonable estimate of the amount of such damages to Buyer.

9. SELLER AND BROKER DISCLAIMER: Buyer acknowledges and agrees that Seller, Broker, their affiliates, agents, employees, officers, representatives or owners have not made, do not make and specifically negate and disclaim any representations, warranties, promise, covenants, agreements or guarantees or any kind of character whatsoever, whether express or implied, oral or written, past, present, or future of, as to, concerning or with respect to (a) the value, nature, quality or condition of the Property, including, without limitation, the water soil, or geology, (b) the income to be derived from the Property, (c) the suitability of the Property for any and all activities and uses which Buyer may conduct thereon, (d) the compliance of or by the property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body, (e) the habitability, merchantability, marketability, profitability or fitness for a particular use or purpose of the Property, or (h) any other matter with respect to the property, and specifically, that the foregoing persons and entities have not made, do not make and specifically disclaim any representation regarding compliance with any environmental protection, pollution or land use laws, rules, regulation, orders or requirements, including the disposal or existence, in or on the Property, of any hazardous materials; that Buyer has not relied upon representations, warranties, guarantees or promises or upon any statements made or any information provided concerning the property including but not limited to ads, brochures, website materials, signs, maps and sale day comments and instead has determined to make Buyer's bid after having made and relied solely on Buyer's own independent investigation, inspection, analysis, and evaluation of the Property and the facts and circumstances related thereto; and that no warranty has arisen through trade, custom or course of dealing with Buyer. **ANY INSPECTIONS, REPORTS, PROPERTY INFORMATION OR SURVEYS MADE AVAILBLE TO BUYER PRIOR TO OR AT THE SALE WERE FOR 'GENERAL INFORMATION PURPOSE' ONLY AND ARE NOT, AND WILL NOT, BE RELIED UPON AS A REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER EXPRESS OR IMPLIED.**

10. IDEMNIFICATION OF BROKER AND CLOSER: Seller and Buyer jointly and severally agree to indemnify and hold Closer and Broker harmless against any and all losses, claims, damages or liabilities and expenses not resulting from Broker or Closer's bad faith or gross negligence, including costs of investigation, attorney fees, and disbursements, which may be imposed upon or incurred by Broker or Closer hereunder relative to the performance of their duties related to the Parties or the Property, including without limitations any litigation arising from or in respect of the Contract or the transactions contemplated hereby. Closer and Broker shall not be liable for any error of judgment or for any act done or omitted by them in good faith. Closer and Broker are authorized to act on any document believed by them in good faith to be executed by the proper party or parties, and will incur no liability in so acting. Closer and Broker are in all respects and for all purposes third party beneficiaries of this Contract to the extent that this Contract would entitle them to rights or benefits if they were signatory parties hereto, and each of them is entitled to enforce such rights and benefits,

as herein provided. To the same extent they would be entitled if they were such signatory parties. ANY INDEMNIFICATION, DEFENSE OR HOLD HARMLESS OBLIGATION OF BUYER FOR THE BENEFIT OF SELLER, CLOSER, OR BROKER IN THIS CONTRACT SHALL SURVIVE THE CLOSING AND/OR TERMINATION OF THE CONTRACT.

11. INTERPRETATION AND EFFECT OF THIS CONTRACT: The Parties agree this Contract shall be binding upon and inure to the benefit of their heirs, legal representatives and successors; sets forth their understanding and supersedes all previous negotiations, representations and agreements between them and their agents; can only be amended or modified by a written agreement signed by both Parties; no amendment affecting Broker or Closer may be made in the absence of the prior written consent of the affected person; if any provision of this Contract is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable and this Contract shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Contract and the remaining provisions of this Contract shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Contract; and furthermore, in lieu of such illegal, invalid or unenforceable provisions there shall be added automatically as part of this Contract a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid or enforceable. The parties hereto hereby agree to execute such other documents, and to take such other actions as may be reasonably be necessary, to further the purposes of this Agreement.

12. AGENCY DISCLOSURE: The Parties expressly agree and acknowledge that BROKER REPRESENTS SELLER ONLY, as previously disclosed to both Parties at first contact; that the identity of Broker's principal, the Seller, was available to the Buyer at all times prior to the auction; that both Parties shall indemnify and hold the other and Broker (unless previously approved in writing by Broker) harmless from any claim for a commission or other compensation of any broker or agent purporting to have represented or assisted them.

13. LEAD-BASED PAINT/OR LEAD-BASED PAINT (for Pre-1978 housing only) AND OTHER HAZARDS DISCLOSURES:

Lead Warning Statement Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspection in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure As evidenced by Seller's signature herein Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing and has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Buyer's Acknowledgment As evidenced by Buyer's signature herein Buyer has received copies of all information listed above, including the pamphlet Protect Your Family from Lead in Your Home and has received a 10-day opportunity prior to the auction to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgment As evidenced by Broker's name hereon Broker (Agent) has informed the seller of seller's obligations under 42 U.S.S. 4852d and is aware of its responsibility to ensure compliance.

Mold Statement There are many types of mold. Inhabitable properties are not, and cannot be, constructed to exclude mold. Information about controlling mold growth may be available from your county extension agent or health department. Certain strains of mold may cause damage to property and may adversely affect the health of susceptible persons, including allergic reactions that may include skin, eye, nose, and throat irritation. The seller, seller's agent, and Broker cannot and does not represent or warrant the absence of mold. It is the buyer's obligation to determine whether a mold problem is present and to remediate such.

Certification of Accuracy The Parties have reviewed information above and hereby certify as evidenced by their signatures herein on the date herein that to the best of their knowledge the information they have provided is true and accurate.

Notice Institutional and Fiduciary Sellers (courts, government agencies, banks and trustees) have not occupied the property and have NO information to provide for disclosure. Properties are sold 'As is - Where is' and should be fully inspected prior to bidding on. SELLER AND BROKER AND/OR AUCTION COMPANY HAVE NO KNOWLEDGE OF THE SUBJECT PROPERTY OR ITS FIXTURES OR CONDITION AND ARE NOT RESPONSIBLE FOR SUCH.

"Exhibit A"

Legal Description

LOT 3, SHORT PLAT NO. 3167, ACCORDING TO THE SURVEY THEREOF RECORDED UNDER AUDITORS FILE NO. 2008-032982, RECORDS OF BENTON COUNTY, WASHINGTON, AND AMENDED BY AFFIDAVIT OF CORRECTION RECORDED UNDER AUDITOR'S FILE NO. 2009-006103;

AND EXCEPT THAT PORTION CONVEYED TO THE CITY OF KENNEWICK RECORDED UNDER AUDITOR'S FILE NO. 2012-009524.

"Exhibit A"

Legal Description

LOT 2, SHORT PLAT NO. 3167, ACCORDING TO THE SURVEY THEREOF RECORDED UNDER AUDITORS FILE NO. 2008-032982, RECORDS OF BENTON COUNTY, WASHINGTON, AND AMENDED BY AFFIDAVIT OF CORRECTION RECORDED UNDER AUDITOR'S FILE NO. 2009-006103;

AND EXCEPT THAT PORTION CONVEYED TO THE CITY OF KENNEWICK RECORDED UNDER AUDITOR'S FILE NO. 2012-009524.

"Exhibit A"

Legal Description

LOT 4, SHORT PLAT NO. 3167, ACCORDING TO THE SURVEY THEREOF RECORDED UNDER AUDITORS FILE NO. 2008-032982, RECORDS OF BENTON COUNTY, WASHINGTON, AND AMENDED BY AFFIDAVIT OF CORRECTION RECORDED UNDER AUDITOR'S FILE NO. 2009-006103;

AND EXCEPT THAT PORTION CONVEYED TO THE CITY OF KENNEWICK RECORDED UNDER AUDITOR'S FILE NO. 2012-009524.

"Exhibit A"

Legal Description

LOT 1, SHORT PLAT NO. 3167, ACCORDING TO THE SURVEY THEREOF RECORDED UNDER AUDITORS FILE NO. 2008-032982, RECORDS OF BENTON COUNTY, WASHINGTON, AND AMENDED BY AFFIDAVIT OF CORRECTION RECORDED UNDER AUDITOR'S FILE NO. 2009-006103;

AND EXCEPT THAT PORTION CONVEYED TO THE CITY OF KENNEWICK RECORDED UNDER AUDITOR'S FILE NO. 2012-009524.