



REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT (this "Agreement") is made and entered into as of this ____ day of _____, 2022 (the "Effective Date"), by and between Harman Investment Group, Inc., a Washington for profit corporation, as ("Seller"), and Snohomish County, a political subdivision of the State of Washington ("Buyer").

1. Real Property. Seller is the owner of certain real property located in Snohomish County, Washington, consisting of approximately 1.28 acres of land known as 1602 SE Everett Mall Way, Everett, WA 98208, and identified as Snohomish County Tax account number 28051800400600 located in the City of Everett, WA, and as more particularly described on Exhibit A to this Agreement (the "Property"). Seller hereby agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property and all rights appurtenant thereto, under the terms and conditions specified in this Agreement.

2. Purchase Price. The total purchase price for the Property shall be TEN MILLION EIGHT HUNDRED TWENTY THREE THOUSAND and 00/100 dollars (\$10,823,000.00) ("Purchase Price"). The Buyer will pay the Purchase Price less earnest money in cash at Closing.

2.1 Earnest Money. The Buyer shall deposit with the Escrow Agent an earnest money deposit in the amount of FIVE HUNDRED THOUSAND and 00/100 DOLLARS (\$500,000.00) ("Earnest Money"), within five (5) business days upon full execution of this Agreement.

2.2 Coronavirus Local Fiscal Recovery. The Buyer has appropriated funds from its portion of Coronavirus Local Fiscal Recovery Funds ("CLFR") pursuant to the American Rescue Plan Act ("ARPA"), PL 117-2, section 9901, codified at 42 U.S.C. Section 802 *et seq.* to be used to fully fund its purchase of the Property. The CLFR Terms and Conditions apply to this Agreement and are incorporated herein at Exhibit C. In case of conflict between the CLFR Terms and Conditions and the Agreement, the following order of priority shall be used: (1) CLFR Terms and Conditions, and (2) the Agreement.

3. Title.

3.1 Conveyance. At Closing, Seller shall convey the Property to Buyer by a duly executed and acknowledged statutory warranty deed in substantially the form attached to this Agreement as Exhibit B (the "Deed"), free and clear of all defects and encumbrances other than non-delinquent taxes and any exceptions to title approved by Buyer pursuant to Section 3.2 below. Monetary encumbrances not assumed by Buyer shall be removed by Seller at or before Closing.

3.2 Preliminary Commitment; Condition of Title. Buyer has received a preliminary commitment (the "Preliminary Commitment") for title insurance for the Property from Chicago Title Company of Washington (the "Title Company"), Order No. 500133001. Buyer hereby approves the following Special Exceptions shown on the Preliminary Commitment, which may remain on title at closing: Special Exception Nos. 1, 2, 3, 4, and 5. All other Special Exceptions must be removed at or before closing.

3.3 Title Insurance. At Closing, Seller shall cause the Title Company to issue to Buyer, at Seller's expense, a standard coverage owner's ALTA policy of title insurance (the "Title Policy"), dated as of the closing date, insuring Buyer's fee simple title to the Property in the face amount of the Purchase Price, subject only to the standard form of General Exclusions and Exceptions and the Special Exceptions approved by Buyer pursuant to Section 3.2 above. Buyer shall have the discretion to apply for an extended coverage owner's policy of title insurance and any endorsements, provided that Buyer shall pay the increased costs associated with an extended policy including the excess premium over that charged for a standard coverage policy, the cost of any endorsements requested by Buyer, and the cost of any survey required by the title insurer.

4. Buyer's Due Diligence. This Agreement is subject to Buyer completing due diligence items, which may include title review, property condition assessment, Environmental Site Assessment, methamphetamine testing in every room and review of Seller's books and records, including any environmental reports or property condition reports in Seller's possession. Buyer shall have sixty (60) days from the Effective Date (the "Due Diligence Period") to give notice terminating this Agreement under this condition. Upon receipt of such notice, this Agreement shall terminate and be of no further force or effect. During the Due Diligence Period, Buyer and Buyer's agents may enter the Property at reasonable times to perform such testing, studies and surveys as Buyer deems necessary, provided, however, that Buyer will not perform any excavation or coring on the Property without Seller's prior consent, which consent shall not be unreasonably withheld. Seller will cooperate with Buyer's efforts to perform testing, studies, and surveys, and will provide access to all property rooms for the purpose of methamphetamine testing prior to expiration of the due diligence period. Buyer's purchase of the property and the release of earnest money shall be expressly conditioned on the County's satisfaction with the environmental status of the property, including obtaining any necessary regulatory approvals to limit the County's liability.

5. Seller's Representations and Warranties. Seller represents and warrants to Buyer as of the Effective Date, and again as of the date of closing, as follows:

- (a) To the best of Seller's knowledge, there is no action, suit, proceeding or investigation pending or threatened which could become a cloud on the title to the Property or any portion thereof.
- (b) Seller has no knowledge of any material defect in the Property, whether latent or patent.
- (c) To the best of Seller's knowledge, neither the whole nor any portion of the Property is subject to temporary requisition or use by any governmental authority or

has been condemned or taken in any proceeding similar to a condemnation proceeding, nor is any such proceeding contemplated.

(d) Seller has no knowledge, nor has Seller received any written notice, of any violations of law, municipal ordinance or other legal requirements of governmental authorities in respect of the Property.

(e) Seller has no knowledge, nor has Seller received written notice, of any default or breach by Seller under any covenants, conditions, restrictions, rights of way or easements affecting the Property or any portion thereof.

(f) To the best of Seller's knowledge, neither Seller nor any third party has placed, deposited, generated, manufactured, processed, handled or otherwise brought on to the Property any hazardous, dangerous or toxic substances or materials, as defined under any applicable environmental laws. To the best of the Seller's knowledge, the Property contains no underground storage tanks. Seller has no knowledge of any substances or conditions on the Property which may support a claim or cause of action against the owner of the Property, whether by a governmental agency or body or private party under any environmental laws. Seller has not received notification from any agency or individual that the Property is, or may be, in violation of any environmental law(s) or is, or may be, targeted for a cleanup pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, codified at 42 USC §9601 et. seq. (the "Superfund Act"), the Model Toxics Control Act, codified at Chapter 70.105D RCW (the "MTCA"), or other federal or state hazardous waste cleanup laws, rules, or regulations.

In the event any of the representations contained in this Section 5 become untrue prior to or as of the date of closing as a result of information received by Seller or occurrences subsequent to the date hereof, Seller shall promptly notify Buyer and, within ten (10) days after receiving such notice, Buyer may elect to (i) waive any objections and proceed with closing or (ii) terminate this Agreement by giving written notice of same to Seller. The representations and warranties contained in this Section 5 shall not merge into the Deed but shall survive the closing of the transaction contemplated by this Agreement.

6. Seller's Covenants. Seller covenants to Buyer as follows:

(a) Seller is not a foreign person for purposes of the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA"), as amended.

(b) Seller will have all guests, paying or not, out of the rooms and premises prior to Closing.

(c) Seller will not enter into any long-term property leases, easements or other encumbrances with respect to the Property during the term of the Purchase Agreement, without the consent of the Buyer.

(d) Seller will remove all proprietary branding and signage prior to Closing, with the exception of the tower sign in the front parking lot area.

(e) All personal property is deemed *de minimis* in value and therefore no additional funds will be paid for existing personal property. Existing personal property will remain in place.

(f) Seller will terminate any and all existing leases and/or contracts, including personal property leases, if any, prior to Closing. Seller shall terminate Direct TV, Comcast WiFi and Waste Management contracts prior to Closing and those contracts shall not carry over to Buyer. Utilities for basic needs including electric, gas, and water service, shall be taken over by Buyer with the service provider in order to maintain uninterrupted service.

The covenants contained in this Section 6 shall not merge into the Deed but shall survive the closing of the transaction contemplated by this Agreement.

7. Buyer's Authority. Buyer's obligations under this Agreement are expressly subject to, and conditioned upon, the approval of this Agreement by the Snohomish County Council and the execution of this Agreement by the Property Officer of the Department of Facilities and Fleet Management or other designated representative of the County. Buyer represents and warrants to Seller that, at the date Buyer executes this Agreement and at the date of closing, Buyer, and any person signing on behalf of Buyer, has full power and authority to execute this Agreement and to perform Buyer's obligations hereunder.

8. Buyer's Contingency for Legislative Appropriation. As required by the Snohomish County Charter and other applicable law, all of the County's obligations under this Agreement after the calendar year in which this Agreement is executed by the County are contingent upon local legislative appropriation of the necessary funds, if any, for this specific purpose. This condition is automatically waived if exercised.

9. Risk of Loss. Seller will bear the risk of loss of, or damage to, the Property until the date of Closing. In the event of material loss of or damage to the Property prior to closing, Buyer may terminate this Agreement by giving written notice of termination to Seller.

10. Closing.

10.1 Closing. As used in this Agreement, "closing" or "date of closing" means the date on which all appropriate documents are recorded and proceeds of sale are available for disbursement to Seller. Funds held in reserve accounts pursuant to escrow instructions shall be deemed, for purposes of this definition, as available for disbursement to Seller.

10.2 Escrow Agent. The transaction contemplated by this Agreement shall be closed through Chicago Title Insurance Company of Washington – Lorrie Thompson, Commercial Escrow Officer, (the "Escrow Agent").

10.3 Closing Date. The date of closing shall be determined by mutual agreement of the parties, and shall occur on or before, and in no event later than, October 28, 2022 (the "Outside Closing Date"), unless rooms have occupants, in which case Closing will be delayed until such guests are out of the premises and an extension is mutually agreed to in writing by

the parties. Closing date is subject to successfully passing methamphetamine testing prior to closing.

10.4 Closing Documents and Funds. On or before the date of Closing, Buyer and Seller shall each deposit with the Escrow Agent all instruments, documents, and monies necessary to complete the transaction contemplated by this Agreement.

10.5 Closing Costs; Prorations. Buyer will pay the following closing costs: Title Policy and one half of the Escrow Agent's escrow fee. Seller will pay any real estate excise taxes due on the sale and any delinquent real property taxes owing at the time of Closing. 2022 real property taxes shall be prorated at Closing. All other costs of Closing, if any, shall be borne by Seller and Buyer in a manner consistent with local practice for the county in which the Property is located.

11. Possession. Seller shall deliver possession of the Property to Buyer upon Closing.

12. Default and Remedies. If Seller is unable to, or does not, perform Seller's covenants and obligations under this Agreement, if title is not insurable at closing as provided in Section 3.3, or if Seller's representations and warranties under Section 5 are not all true and accurate, Seller shall be in default of this Agreement. In the event of Seller's default, Buyer shall be entitled (i) to seek specific performance of Seller's obligations under this Agreement, (ii) to seek damages for Seller's breach, or (iii) to terminate this Agreement by written notice to Seller and Escrow Agent.

13. Notices. All notices, waivers, elections, approvals, and demands required or permitted to be given under this Agreement must be in writing and personally delivered or sent by United States certified mail, return receipt requested, to the addressee's mailing address set forth below. Any notice will be effective when actually received or, if mailed as provided herein, on the earlier of actual receipt or two (2) days after the date deposited in the mail.

If to Seller:

Harman Investment Group, Inc.
Attention: Mr. Jatinder Singh
3425 96th Place SE
Everett, WA 98208-4321
Telephone: 253-332-6001

If to Buyer:

Snohomish County Department of Facilities and Fleet
Attention: Property Officer
3000 Rockefeller Avenue M/S 404
Everett, WA 98201
Telephone: 425-388-3400

If to Escrow Agent:

Chicago Title Insurance Company of Washington
Attention: Escrow Department
3002 Colby Avenue
Everett, WA 98201
Telephone: 425-258-3683

14. General. This Agreement shall be governed by the law of the State of Washington. This is the entire agreement of Buyer and Seller with respect to the Property and supersedes all prior agreements between them, written or oral. This Agreement may be modified only in writing, signed by Buyer and Seller. Any waivers under this Agreement must be in writing. A waiver of any right or remedy in the event of a default will not constitute a waiver of such right or remedy in the event of any subsequent default. This agreement is for the benefit of, and binding upon, Buyer and Seller and their heirs, personal representatives, successors, and assigns. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision.

15. Exhibits. The following documents are attached to this Agreement as Exhibits and are incorporated herein by this reference:

EXHIBIT A – Legal Description of Property
EXHIBIT B – Form of Statutory Warranty Deed
EXHIBIT C – CLFR Terms and Conditions

16. Time of the Essence; Computation. Time is of the essence of each and every provision of this Agreement. If the final date of any period of time set out in any provision of this Agreement falls upon a Saturday or a Sunday or a legal holiday, then in such event, the time of such period shall be extended to the next day that is not a Saturday, Sunday or a legal holiday.

17. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall constitute an original, and all of which shall constitute one and the same Agreement.

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IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

SELLER:

Harman Investment Group, Inc., a
Washington for profit corporation

By: [Signature]
Name: JATINDER SINGH
Its: owner
Date: 07-17-2022

BUYER:

Snohomish County, a political subdivision of
the State of Washington

By: _____
Name: _____
Its: _____
Date: _____

Approved as to form:

Rebecca J. Guadamud 07-15-2022

Deputy Prosecuting Attorney

EXHIBIT A

Legal Description of Property

For APN/Parcel ID: 28051800400600

SEC 18 TWP 28 RGE 05 BEG AT SW COR OF N1/2 NE1/4 SE1/4 TH N89*56 13 E ALG S LN SD SUB 611.19FT TO WLY MGN INTER- STATE HWY NO 5 TH N17*31 32W ALG SD WLY MGN 147.64FT TH S77*41 28W 358.79FT TO AN INTWITH ELY END OF EXST CONC WALL THALG SD WALL N11*27 44W 1.16FT TH S75*34 47W 21.86FT TH N81*29 15W 32.81FT& S01*34 00W ALG W END OF SD WALL .56FT TH N81*31 32W 23.77FT TH N60*45 32W 91FT TO ELY MGN OF BROADWAY CUT-OFF PRIMARY ST HWY NO 1 TH SWLY ALG SD R/W THRU A C/A OF 02*43 25 AN ARC DIST OF 93.17FT TH S01*11 15E 41.85FT TO POB

Situate in the County of Snohomish, State of Washington