



Verizon Northwest Inc.

P.O. Box 1003
Everett, WA 98206-1003
Fax: 425-261-5262

June 2, 2005

Ms. Carole J. Washburn,
Executive Secretary
Washington Utilities and
Transportation Commission
Chandler Plaza Building
1300 S. Evergreen Park Drive SW
Olympia, Washington 98504

Subject: **COMPLIANCE FILING for DOCKET UT-041757**

6/16/05 4:09:00 PM
COMMUNICATIONS SECTION
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Dear Ms. Washburn:

Enclosed for filing with the Commission, in compliance with Ordering Paragraph (2) of Order No. 1 in this matter, are verified copies of sale contract documents for a transaction addressed by the Order, which has closed, and a statement of the related accounting entries.

Please call me at 425-261-5006 if you have any questions.

Very truly yours,

Richard E. Potter
Director
Public Policy Affairs, Policy & Communications

Enclosure

VERIFICATION

I verify that the enclosed are true copies of the sale contract documents for the property located at 12055 Slater Avenue, Kirkland, Washington that was addressed by Order No. 1 in Washington Utilities and Transportation Commission Docket No. UT-041757 and a statement of the related accounting entries.

Richard E. Potter Date: 6/2/05

Richard E. Potter
Director
Verizon Northwest Inc.



Fidelity National Title Company

501 S. Figueroa Street, Suite 2180 • Los Angeles, CA 90017
(213) 689-9301 • FAX (213) 689-9330

ADDITION AND/OR AMENDMENT TO ESCROW INSTRUCTIONS

To: Fidelity National Title Company
Date: February 26, 2005
Escrow No: 101374-JD
Property Address: 12055 SLATER AVENUE, KIRKLAND, WA 98034

The instructions in this escrow are hereby modified, amended and/or supplemented in the following particulars only:

1. THE BUYER'S FEASIBILITY STUDY PERIOD IS HEREBY AMENDED TO READ:
MARCH 8, 2005
2. THE CLOSE OF ESCROW DATE IS HEREBY AMENDED TO READ:
ON OR BEFORE MARCH 22, 2005

All other terms and conditions remain the same.

MEDINA PARK PLACE, L.L.C., A WASHINGTON LIMITED LIABILITY CO.

By: [Signature]
ANTHONY JOYCE

VERIZON NORTHWEST INC., a WASHINGTON corporation

By: [Signature]
JAMES TOUSIGNANT, MANAGER REAL ESTATE SERVICES



Fidelity National Title Company

601 S. Figueroa Street, Suite 2130 • Los Angeles, CA 90017
(213) 689-9301 • FAX (213) 689-9330

To: Julia Davis

ADDITION AND/OR AMENDMENT TO ESCROW INSTRUCTIONS

To: Fidelity National Title Company
Date: February 28, 2005
Escrow No: 101374-JD
Property Address: 12055 SLATER AVENUE, KIRKLAND, WA 98034

The instructions in this escrow are hereby modified, amended and/or supplemented in the following particulars only:

1. THE BUYER'S FEASIBILITY STUDY PERIOD IS HEREBY AMENDED TO READ:
MARCH 8, 2005
2. THE CLOSE OF ESCROW DATE IS HEREBY AMENDED TO READ:
ON OR BEFORE MARCH 22, 2005

All other terms and conditions remain the same.

MEDINA PARK PLACE, L.L.C., A WASHINGTON LIMITED LIABILITY CO.

By:
ANTHONY JOYCE

VERIZON NORTHWEST INC., a WASHINGTON corporation

By:
JAMES TOUSSIGNANT, MANAGER REAL ESTATE SERVICES

**SECOND AMENDMENT TO
AGREEMENT OF PURCHASE AND SALE
AND ESCROW INSTRUCTIONS**

This Second Amendment to Agreement of Purchase and Sale and Escrow Instructions ("Second Amendment") is made as of February 28, 2005 by and between Verizon Northwest Inc., a Washington corporation ("Seller"), and Medina Park Place, L.L.C., a Washington limited liability company ("Buyer").

Recitals

A. Seller is the owner of certain real property which includes approximately 62,780 square feet (1.441 acres) of land (currently improved for parking) located in Kirkland, King County, Washington. Buyer and Seller previously entered into that certain Agreement of Purchase and Sale and Escrow Instructions dated as of October 28, 2004, as amended by that certain First Amendment dated December 23, 2004 (collectively, the "Agreement"), for the sale by Seller and purchase by Buyer of the Property, as more particularly described in the Agreement. Terms used herein not otherwise defined shall have the meanings set forth in the Agreement.

B. During the course of its review of the Property, Buyer brought to Seller's attention certain concerns that Buyer had with respect to the Property. Buyer had certain environmental testing work performed during its investigation of the Property. Based on such testing, Buyer's consultants advised Buyer that petroleum contamination in excess of current regulatory levels may have occurred at the Property. Seller's consultants advised Seller that the test results described by Buyer resulted from particles of asphalt erroneously included in the environmental sampling and that no such contamination occurred on the Property. Buyer also expressed concern with respect to a sanitary sewer line and storm drainage line that may affect portions of the Property. Buyer stated to Seller that it might have to relocate these facilities in order to facilitate Buyer's intended development of the Property. Seller has also requested Buyer to agree to a reservation of easement over portions of the Property for sanitary sewer and storm water drainage purposes. Buyer has requested that Seller grant Buyer a credit against the Purchase Price to compensate Buyer (i) for any risk that might arise out of environmental issues including any petroleum contamination at the Property, (ii) for any risk related to the rights by third parties related to sanitary sewer lines and storm water drainage across the Property, (iii) in compensation for Seller's reservation of the easement described herein and Seller is willing to do so on the terms and conditions of this Second Amendment.

C. The parties now desire to amend certain terms of the Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree as follows:

1. Purchase Price Reduction. If the parties proceed to the Close of Escrow, Buyer shall receive a credit of Sixty-Two Thousand Seven Hundred Eighty Dollars (\$62,780) which shall be credited against the Purchase Price at the Close of Escrow.

2. Feasibility Period. Buyer acknowledges and agrees that (a) the Feasibility Period, as extended, has expired as of the date of this Second Amendment and Buyer has not terminated the Agreement prior to such expiration date, (b) Buyer has approved its examination of the Property, and (c) the conditions to Buyer's obligations to proceed to the Close of Escrow as set forth in Paragraphs 2.9.1, 2.9.2, 2.9.3 and 2.9.4 of the Agreement have been satisfied or waived by Buyer. Buyer has received and has approved the Subdivision Conditions and waives any right to terminate the Agreement based upon any disapproval of the Subdivision Conditions. Buyer and Seller hereby authorize and instruct Escrow Holder to deliver the Deposit to Seller immediately upon full execution of this Second Amendment.

3. Buyer's Evaluation. Buyer acknowledges that Buyer has evaluated the Property to its satisfaction, including with respect to the environmental condition of the Property and the potential costs of relocation of any storm drainage easement or sanitary sewer easement. Without limiting the generality of such provisions, Buyer acknowledges and agrees that release and indemnity provisions contained in Paragraphs 6.6 and 6.7 of the Agreement apply to the matters referenced in Recital B of this Second Amendment.

4. Reservation of Easements by Seller. Seller shall not be obligated to proceed to the Close of Escrow and the Closing shall not occur unless and until, in addition to all other conditions contained in the Agreement, Buyer and Seller shall have executed and delivered an Agreement and Reservation of Easements substantially in the form attached hereto as Exhibit "1" (the "Easement Agreement"). Buyer and Seller shall each deliver a duly executed and acknowledged counterpart of the Easement Agreement to Escrow Holder no later than two (2) business days prior to the Closing Date.

5. Change in Form of Bargain and Sale Deed. The Bargain and Sale Deed shall be amended and restated in the form attached hereto as Exhibit "2." Buyer hereby approves the form of the Bargain and Sale Deed attached hereto as Exhibit "2" and agrees that such Bargain and Sale Deed shall replace the form attached to the original Agreement as Exhibit 2.2.

6. Addition to Delivery of Documents; Duties of Escrow Holder. Section 2.7.5 of the Agreement is amended to read as follows, "Record the Bargain and Sale Deed and Agreement and Reservation of Easements in the Office of the County Recorder of King County."

7. Full Force and Effect. Except as modified by this Second Amendment, the Agreement shall remain in full force and effect.

8. Counterparts and Facsimile. This Second Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument. The parties acknowledge the validity of signatures by facsimile.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date first set forth above.

SELLER:

VERIZON NORTHWEST INC.,
a Washington corporation

APPROVED AS TO FORM
VAN.ETTEN SUZUMOTO & BECKET LLP

By: [Signature]

Date: 13-8-05

By: [Signature]

Title: Manager-Transactions (West)

BUYER:

Medina Park Place, L.L.C.,
a Washington limited liability company

By: _____

Anthony Joyce
Managing Member

[Handwritten mark]

Receipt of the foregoing Second Amendment by Escrow Holder is acknowledged, said escrow holding is accepted and Escrow Holder agrees to hold and dispose of the funds and documents deposited in the escrow in accordance with these instructions.

Dated: _____, 2005.

Fidelity National Title Insurance Company

By: _____
Julia Davis, Escrow Officer



**SECOND AMENDMENT TO
AGREEMENT OF PURCHASE AND SALE
AND ESCROW INSTRUCTIONS**

EXHIBIT "1"

AGREEMENT AND RESERVATION OF EASEMENTS

(see attached)

WHEN RECORDED, RETURN TO:

Verizon Northwest Inc.
c/o Verizon Corporate Real Estate
112 S. Lakeview Canyon Rd. (CA501CW)
Thousand Oaks, CA 91362
Attn: James Tousignant, Manager
Real Estate Services

_____ TITLE INSURANCE CO., Ref. # _____

Document Title:
Reference Number(s):
Grantor(s):
Grantee(s):
Legal Description [abbreviated]: (Complete description on _____.)
Assessor's Property Tax Parcel/Account Number(s):

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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Verizon Northwest Inc.
c/o Verizon Corporate Real Estate
112 S. Lakeview Canyon Rd. (CA501CW)
Thousand Oaks, CA 91362
Attn: James Tousignant, Manager
Real Estate Services

[Space above this line for Recorder's use]

AGREEMENT AND RESERVATION OF EASEMENTS

This Agreement and Reservation of Easements (the "Agreement"), dated February 28, 2005 for reference purposes only, is entered into by and between Verizon Northwest Inc., a Washington corporation ("Verizon"), and Medina Park Place, L.L.C., a Washington limited liability company ("Buyer"), with reference to the following facts:

A. Verizon is the owner of approximately 6.710 acres of improved land commonly referred to as 12055 Slater Avenue, Kirkland, King County, Washington (the "Entire Property"). Pursuant to an Agreement of Purchase and Sale and Escrow Instructions made as of October 28, 2004, and as later amended (the "Purchase Agreement"), Verizon is conveying to Buyer approximately 62,780 square feet (1.441 acres) of the Entire Property (currently improved for parking) (the "Property") subject to the reservation of easements contained in this Agreement. The Property is more particularly described in Exhibit "A" to this Agreement. Following such conveyance, Verizon is retaining title to the balance of the Entire Property as described in Exhibit "B" to this Agreement (the "Verizon Parcel").

B. The parties now desire to enter into this Agreement to allow for the maintenance of sanitary sewer and storm water drainage lines on a portion of the Property for the benefit of the Verizon Parcel.

NOW, THEREFORE, for valuable consideration, the parties agree as follows:

1. Reservation of Easements.

1.1 Easements. Verizon hereby reserves and Buyer hereby acknowledges the reservation by Verizon, its successors and assigns, and the "Permittees" of a perpetual easement providing Verizon and such successors, assigns and Permittees with the right, privilege and authority to reconstruct, replace, alter, improve, repair, operate and maintain (a) sanitary sewer lines on or under the portion of the Property described in Exhibit "C" to this Agreement and (b) storm water drainage lines on or under the portion of the Property described in Exhibit "D" to this Agreement, both for the benefit of the Verizon Parcel. Such rights shall include (i) the right, privilege and authority to continue to use the storm drainage and sanitary



sewer lines (collectively, the "Utility Lines") located on or under the Property as depicted in Exhibits "C" and "D" (collectively, the "Easement Parcel") in the same manner that such Utility Lines are used or have been used previously and (ii) the right of ingress to and egress from the Utility Lines across the driveways, access ways and parking lots located on the Property and the adjacent lands of Buyer for the purpose of reconstructing, replacing, repairing, renewing, altering, changing, patrolling and operating said Utility Lines, and the right at any time to remove said facilities from the Property. For the purposes of this Agreement, "Permittee" means (A) all employees, agents, customers, visitors, invitees and licensees of Verizon; and (B) any person or entity legally entitled to the use and occupancy of space and any improvements situated on the Verizon Parcel and their respective employees, agents, customers, visitors, invitees, licensees, and subtenants.

1.2 Relocation. Buyer may relocate the Utility Lines to other property within the Property so long as (i) such relocation is performed in accordance with all applicable laws at Buyer's sole cost and expense; (ii) the new location is free of encumbrances that would interfere with Verizon's use or maintenance of the relocated Utility Lines and is acceptable to Verizon in its sole but good faith business judgment; (iii) Buyer grants Verizon an easement acceptable to Verizon with respect to such new location and at Verizon's reasonable discretion shall provide Verizon title insurance insuring the easement at its new location; and (iv) such relocation does not interfere with storm drainage or sanitary sewer drainage from the Verizon Parcel.

2. Representations. Buyer represents and warrants that as of the date this Agreement is recorded (a) Buyer is the owner of the Property, including the Easement Parcel, (b) Buyer has not assigned or transferred or agreed to assign or transfer any of its right, title or interest in and to the Easement Parcel or any portion thereof, (c) Buyer has the authority to enter into this Agreement, and (d) this Agreement is a valid and binding obligation.

3. Surrender. Buyer agrees that the Utility Lines and any other equipment or improvements owned by Verizon shall be exempt from execution, foreclosure, sale, levy, or attachment, for any reason whatsoever, and that the Utility Lines, any improvements constructed by Verizon and any other equipment may be removed at any time from the Easement Parcel or the Property by Verizon.

4. Property Taxes. Buyer shall be solely responsible for the payment of all real property taxes and assessments assessed with respect to the Easement Parcel, if any.

5. Interference. Verizon shall have access to the Easement Parcel three hundred sixty-five (365) days per year, seven (7) days per week, twenty-four (24) hours per day. Neither Buyer nor any of Buyer's agents, employees, tenants, licensees or contractors (collectively, the "Buyer Parties") shall (a) interfere in any way with Verizon's access to or use of the Easement Parcel; (b) damage, move (except as provided in Section 1.2 above), or otherwise physically affect use of the Utility Lines; (c) construct or permit to be constructed any structures on the Easement Parcel; or (d) allow any grading, construction, maintenance or other activities on the Easement Parcel that adversely affect Verizon's use or maintenance of the Utility Lines (collectively, clauses (a), (b), (c) and (d) are referred to as the "Interference"). Prior to carrying out (or allowing any other third party to carry out) any construction, maintenance or

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repair activities which are in the vicinity of the Easement Parcel, Buyer shall provide five (5) days' prior written notice of such parties' intent to carry out such construction, maintenance or repair work, including the date, time and location in which such work will take place. Verizon shall have the right to monitor and inspect such work at Verizon's own risk, and at Verizon's sole cost and expense. The Buyer Parties shall exercise all due care in carrying out such work. Buyer shall immediately take all necessary measures, at Buyer's sole cost and expense, to eliminate any Interference of which Buyer is notified or is otherwise aware. Such steps include hiring agents to work extended hours until the Interference is eliminated. If Buyer does not promptly thereafter eliminate the Interference, Verizon shall have the right, at Verizon's option, in addition to any other remedy at law or in equity, to (i) eliminate the Interference and charge Buyer the cost of eliminating the Interference, (ii) require Buyer or its successors and assigns to relocate the Utility Lines to other property within the Property with any such relocation complying with Buyer's obligations under Section 1.2 above, or (iii) obtain injunctive relief enjoining or restraining whatever Interference may have occurred or be occurring, without posting a bond or other security and without proving damages, it being expressly recognized by Buyer that any Interference will cause irreparable harm to Verizon which cannot be fully compensable by damages.

6. Miscellaneous. All covenants and easements herein shall run with the land, and shall forever be binding on and inure to the benefit of Verizon and Buyer, their respective heirs, successors, assigns or Permittees. Verizon shall have the right without Buyer's consent to assign its rights under this Agreement to any third party. This Agreement shall be governed by and interpreted under the laws of the State of Washington. If any action or proceeding is commenced by any party to enforce the terms of this Agreement, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs in addition to any other relief awarded by the court. As used in this Agreement, the term "including" shall mean including without limitation. Time is of the essence of this Agreement.

The parties' respective rights and remedies under this Agreement are cumulative with and in addition to all other legal and equitable rights and remedies which the parties may have under applicable law. This Agreement may be signed in counterparts.

VERIZON NORTHWEST INC.,
a Washington corporation

By: _____

Title: _____

MEDINA PARK PLACE, L.L.C.,
a Washington limited liability company

By: _____

Anthony Joyce
Managing Member

pcu

State of Washington)
) ss.
County of)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the _____ of _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 2005.

NOTARY PUBLIC in and for the State of Washington,
residing at _____
My commission expires: _____

(Seal or stamp)

State of Washington)
) ss.
County of)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the _____ of _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 2005.

NOTARY PUBLIC in and for the State of Washington,
residing at _____
My commission expires: _____

(Seal or stamp)

AGREEMENT AND RESERVATION OF EASEMENTS

EXHIBIT "A"

LEGAL DESCRIPTION - PROPERTY

AGREEMENT AND RESERVATION OF EASEMENTS

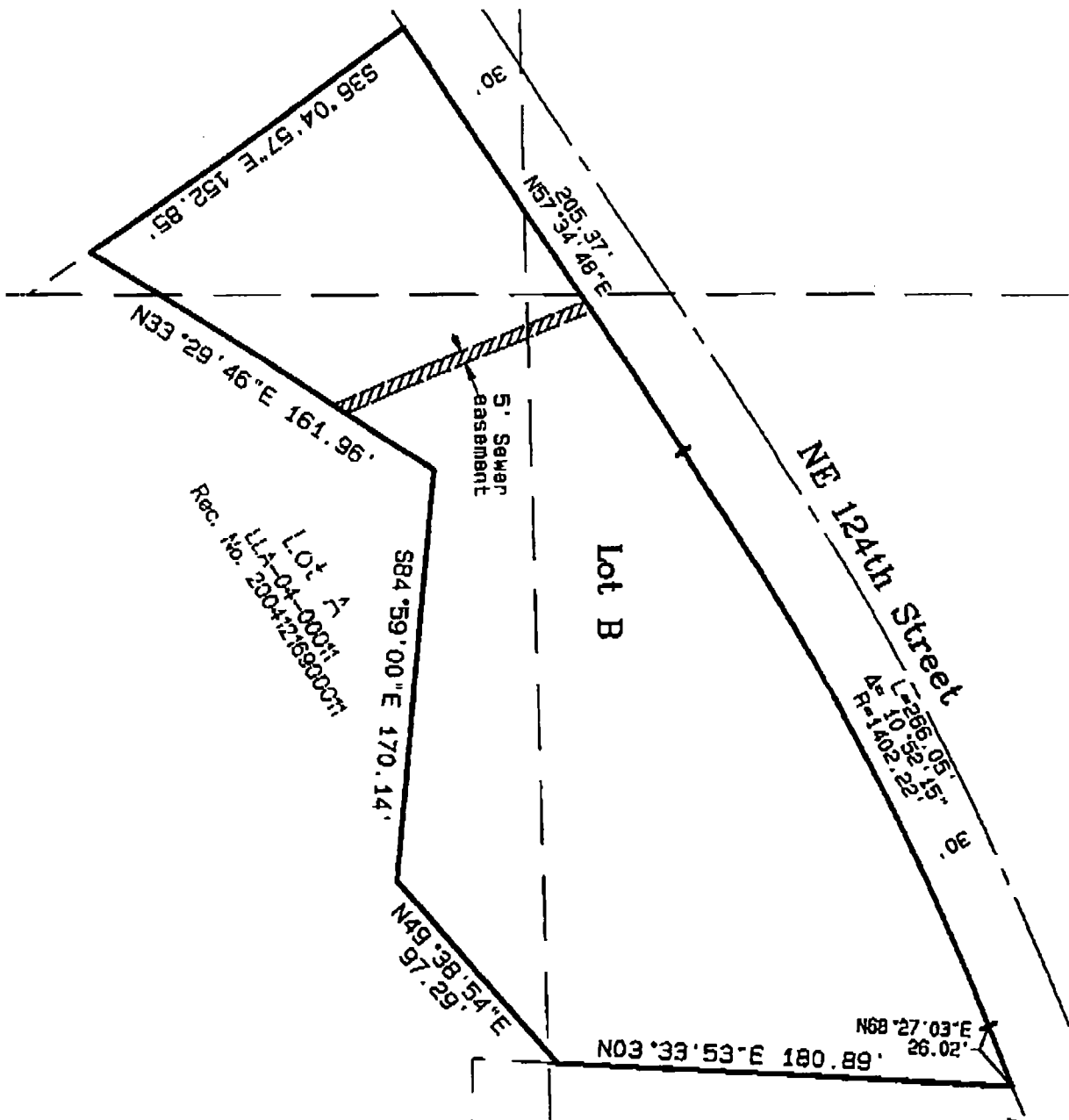
EXHIBIT "B"

LEGAL DESCRIPTION - VERIZON PARCEL

AGREEMENT AND RESERVATION OF EASEMENTS

EXHIBIT "C"

SANITARY SEWER EASEMENT



Lot A
 LLA-04-00001
 Rec. No. 2004121680001

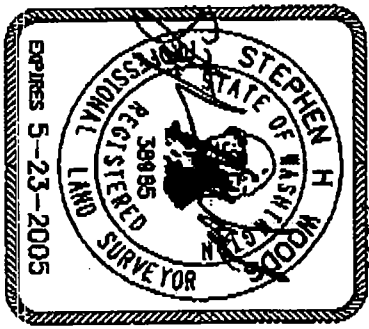
Lot B

5' Sewer easement

NE 124th Street

Attachment "B"
 Sanitary Sewer
 Easement

not to scale



Handwritten signature

Attachment "A" Sanitary Sewer Easement

That portion of Lot B of City of Kirkland Lot Line Adjustment Number LLA-04-00011 filed under King County Recording Number 20041216900011, more particularly described as follows:

Lying within a 5 foot strip of land, being 2.5 feet on both sides of the following described centerline:
Commencing at the Southern most corner of said Lot B;
thence North 33°29'46" East, along the South line of said Lot B, a distance of 117.60 feet to the True Point of Beginning;
thence North 22°09'52" West, a distance of 106.25 feet to the South margin of Northeast 124th Street and the terminus of said centerline.

It is the intent of this description that sidelines shall extend or truncate as necessary to intersect at boundary lines and intersections.



Handwritten signature

AGREEMENT AND RESERVATION OF EASEMENTS

EXHIBIT "D"

STORM DRAINAGE EASEMENT

Attachment "A" Storm Drainage Easement

That portion of Lot B of City of Kirkland Lot Line Adjustment Number LLA-04-00011 filed under King County Recording Number 20041216900011, more particularly described as follows:

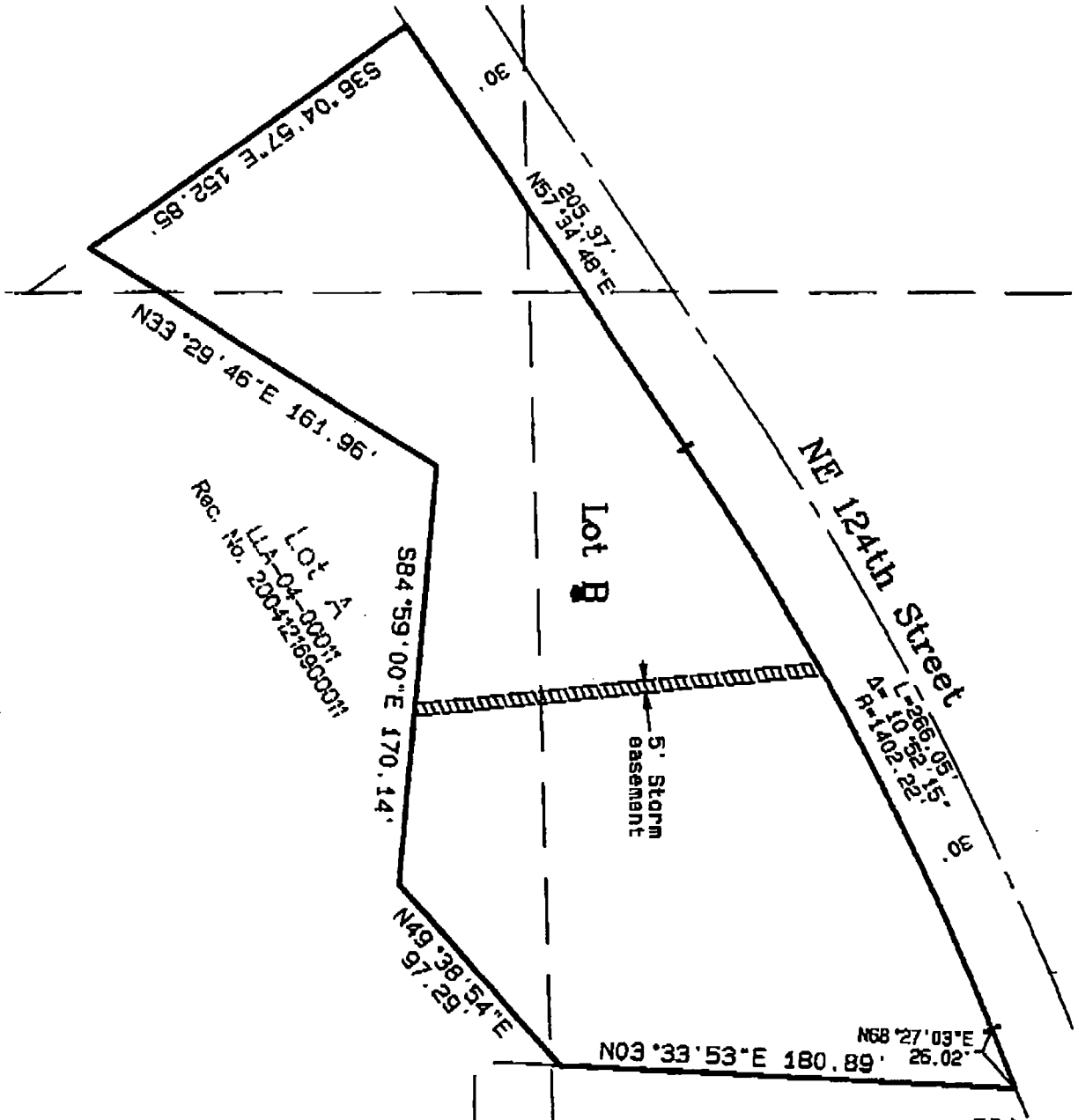
Lying within a 5 foot strip of land, being 2.5 feet on both sides of the following described centerline:

Commencing at the Southern most corner of said Lot B;
thence North 33°29'46" East, along the South line of said Lot B, a distance of 161.96 feet to the an angle point in said South line;
thence South 84°59'00" East, along said South line, a distance of 99.12 feet to the True Point of Beginning;
thence North 05°14'32" West, a distance of 160.54 feet to the South margin of Northeast 124th Street and the terminus of said centerline.

It is the intent of this description that sidelines shall extend or truncate as necessary to intersect at boundary lines and intersections.



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Attachment "B"
 Storm Drainage
 Easement



not to scale



Handwritten signature

**SECOND AMENDMENT TO
AGREEMENT OF PURCHASE AND SALE
AND ESCROW INSTRUCTIONS**

EXHIBIT "2"

BARGAIN AND SALE DEED

(see attached)

AFTER RECORDING RETURN TO:

BARGAIN AND SALE DEED

GRANTOR corporation: Verizon Northwest Inc., a Washington corporation

GRANTEE: Medina Park Place, L.L.C., a Washington limited liability company

Abbreviated Legal Description: _____

Full Legal Description Located on Exhibit "A"

Assessor's Property Tax Parcel Account Number:

pen

After recording mail to:

W.O. # _____

Tax Account Number

Legal Description

BARGAIN AND SALE DEED

THE GRANTOR, Verizon Northwest Inc., a Washington corporation, for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration in hand paid, bargains, sells and conveys to Medina Park Place, L.L.C., a Washington limited liability company, the real estate described in Exhibit "A" attached hereto and incorporated herein, situated in King County, State of Washington.

This foregoing grant of real property is subject to that certain Agreement and Reservation of Easements dated February ____, 2005 executed by and between Grantor and Grantee, as well as to non-delinquent taxes, all easements, covenants, conditions and restrictions, and all other matters of record affecting title to such property.

DATED this ____ day of _____, 2005.

Executed as of the date herein above set forth.

VERIZON NORTHWEST INC., a
Washington corporation

By: _____

Title: _____



BARGAIN AND SALE DEEDEXHIBIT "A"THE PROPERTY

Commencing at the Southwest corner of the East half of the Northwest quarter of the Southeast quarter of Section 28, Township 26 North, Range 5 East, of the Willamette Meridian;

thence North 00°35'55" East, along the West line of said East half, a distance of 472.51 feet;
thence North 36°04'57" West, a distance of 29.61 feet to the True Point of Beginning;
thence continuing North 36°04'57" West, a distance of 152.85 feet to the Southerly margin of Northeast 124th Street;
thence North 57°34'48" East, along said margin, a distance of 205.37 feet to the beginning of a curve tangent to said line;
thence Northeasterly, along said South margin, a distance of 266.05 feet along the curve concave to the Southeast, having a radius of 1402.22 feet and a central angle of 10°52'15";
thence North 68°27'03" East, along said South margin, tangent to said curve, a distance of 26.02 feet;
thence South 03°33'53" West, along an existing cyclone fence, a distance of 180.89 feet;
thence South 49°38'54" West, a distance of 97.29 feet;
thence North 84°59'00" West, a distance of 170.14 feet;
thence South 33°29'46" West, a distance of 161.96 feet to the True Point of Beginning.



Fidelity National Title Company

601 S. Figueroa Street, Suite 2100 - Los Angeles, CA 90017
(213) 689-9301 • FAX (213) 689-0330

ADDITION AND/OR AMENDMENT TO ESCROW INSTRUCTIONS

To: Fidelity National Title Company
Date: January 12, 2005 - REVISED - JANUARY 15, 2005
Escrow No: 101374-JD
Property Address: 12055 SLATER AVENUE, KIRKLAND, WA 98034

The instructions in this escrow are hereby modified, amended and/or supplemented in the following particulars only:

1. THE BUYER'S FEASIBILITY STUDY PERIOD IS HEREBY AMENDED TO READ:
FEBRUARY 15, 2005
2. THE CLOSE OF ESCROW DATE IS HEREBY AMENDED TO READ:
ON OR BEFORE MARCH 1, 2005

All other terms and conditions remain the same.

MEDINA PARK PLACE, L.L.C., A WASHINGTON LIMITED LIABILITY CO.

By: 
ANTHONY JOYCE

VERIZON NORTHWEST INC., a WASHINGTON Corporation

By: _____
JAMES TOUSIGNANT, MANAGER REAL ESTATE SERVICES



Fidelity National Title Company

601 S. Figueroa Street, Suite 2130 • Los Angeles, CA 90017
(213) 689-9301 • FAX (213) 689-9330

ADDITION AND/OR AMENDMENT TO ESCROW INSTRUCTIONS

To: Fidelity National Title Company
Date: January 12, 2005 - REVISED - JANUARY 13, 2005
Escrow No: 101374-JD
Property Address: 12055 SLATER AVENUE, KIRKLAND, WA 98034

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All other terms and conditions remain the same.

MEDINA PARK PLACE, L.L.C., A WASHINGTON LIMITED LIABILITY CO.

By: _____
ANTHONY JOYCE

VERIZON NORTHWEST INC., a WASHINGTON corporation

By: _____
JAMES TOUSIGNANT, MANAGER REAL ESTATE SERVICES



Fidelity National Title Company

801 S. Figueroa Street, Suite 2130 • Los Angeles, CA 90017
(213) 688-9301 • FAX (213) 688-9330

ADDITION AND/OR AMENDMENT TO ESCROW INSTRUCTIONS

To: Fidelity National Title Company
Date: February 11, 2005
Escrow No: 101374-JD
Property Address: 12055 SLATER AVENUE, KIRKLAND, WA 98034

The instructions in this escrow are hereby modified, amended and/or supplemented in the following particulars only:

1. THE BUYER'S FEASIBILITY STUDY PERIOD IS HEREBY AMENDED TO READ:
FEBRUARY 28, 2005
2. THE CLOSE OF ESCROW DATE IS HEREBY AMENDED TO READ:
ON OR BEFORE MARCH 15, 2005

All other terms and conditions remain the same.

MEDINA PARK PLACE, L.L.C., A WASHINGTON LIMITED LIABILITY CO.

By: 
ANTHONY JOYCE

VERIZON NORTHWEST INC., a WASHINGTON corporation

By: _____
JAMES TOUSIGNANT, MANAGER REAL ESTATE SERVICES



Fidelity National Title Company

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All other terms and conditions remain the same.

MEDINA PARK PLACE, L.L.C., A WASHINGTON LIMITED LIABILITY CO.

By: _____
ANTHONY JOYCE

VERIZON NORTHWEST INC., a WASHINGTON corporation

By: 
JAMES TOUSSIGNANT, MANAGER REAL ESTATE SERVICES

**AGREEMENT OF PURCHASE AND SALE
AND ESCROW INSTRUCTIONS**

This Agreement of Purchase and Sale and Escrow Instructions (the "Agreement") is made as of October 29, 2004 by and between Verizon Northwest Inc., a Washington corporation ("Seller"), and Medina Park Place, L.L.C., a Washington limited liability company ("Buyer").

Recitals

A. Seller is the owner of approximately 6.710 acres of improved land, commonly referred to as 12055 Slater Avenue, Kirkland, King County, Washington (the "Entire Property").

B. Seller desires to sell to Buyer and Buyer desires to purchase from Seller a portion of the Entire Property consisting of approximately 62,780 square feet (1.441 acres) of land (currently improved for parking) which is further defined in Paragraph 1.1 below as the "Property." Seller desires to sell to Buyer and Buyer desires to purchase from Seller the Property on the terms and conditions contained in this Agreement.

C. Seller is processing a lot line alteration to divide the Property from the balance of the Entire Property. The portion of the Entire Property not included within the Property is referred to herein as the "Retained Property."

THE PARTIES AGREE AS FOLLOWS:

1. Sale of Property; Purchase Price.

1.1 Sale of Property. Seller shall sell to Buyer and Buyer shall purchase from Seller, at the price and upon the terms and conditions set forth in this Agreement: (i) a portion of the Entire Property consisting of approximately 62,780 square feet (1.441 acres) of improved land, the general configuration of which is shown as Lot "B" on the site plan attached hereto as Exhibit "1.1A" (the "Land"), (ii) any improvements situated on the Land (the "Improvements"), and (iii) all appurtenances to the Land owned by Seller, including, without limitation, all development rights, air rights, mineral rights, water, water rights and water stock relating to the Land (the "Appurtenant Rights"). The final legal description of the Land, adjusted to conform to the "Survey", as defined in Paragraph 2.9.2 below, and which will reflect the Lot Line Alteration as defined in Paragraph 2.10.1 below, shall, when available, replace Exhibit "1.1B" attached hereto. The Land, Improvements and the Appurtenant Rights are collectively referred to herein as the "Real Property." The Real Property, and the Personal Property, if any, as described in Paragraph 1.2 below are collectively referred to herein as the "Property."

1.2 Sale of Personal Property. Buyer acknowledges and agrees that no personal property ("Personal Property") is being conveyed to Buyer pursuant to this Agreement.

1.3 Purchase Price. Buyer shall pay to Seller as the total purchase price for the Property (the "Purchase Price") the sum of \$1,443,940 payable as follows:

1.3.1 Deposit. Buyer shall deliver the sum of \$45,000 (the "Deposit") to "Escrow Holder" (as defined in Paragraph 2.1 below) in immediately available funds concurrently with the delivery of this Agreement executed by Buyer. Buyer acknowledges and agrees that notwithstanding the initial execution of the Agreement, no agreement shall exist between Seller and Buyer until the Deposit is delivered to Escrow Holder, and Seller shall have no obligations to Buyer with respect to the Property until the Deposit is delivered. Escrow Holder is irrevocably authorized and instructed to deliver the Deposit to Seller upon the expiration of the "Feasibility Period" (as defined in Paragraph 2.9.1 below) if Buyer has not terminated this Agreement prior to such expiration date. Buyer agrees to execute all documentation reasonably required by Escrow Holder to effectuate the release of funds in accordance with the terms of this Subparagraph 1.3.1.

1.3.2 Balance. The sum of \$1,398,940 (the "Balance"), constituting the balance of the Purchase Price, shall be deposited by Buyer in immediately available funds into Escrow no later than two (2) business days before the "Closing Date" (as defined in Paragraph 2.2 below).

2. Escrow; Closing Conditions.

2.1 Escrow. No later than five (5) business days after the execution of this Agreement by Buyer and Seller, Buyer and Seller shall open an escrow (the "Escrow") with Fidelity National Title Insurance Company (the "Escrow Holder") and shall deliver a fully executed copy of this Agreement to Escrow Holder. The deposit with Escrow Holder of (1) a fully executed original of this Agreement and (2) the Deposit by Buyer shall constitute the opening of Escrow (the "Opening of Escrow") and authorization to Escrow Holder to act in accordance with the terms of this Agreement. Escrow Holder's standard provisions are attached hereto as Exhibit "2.1" and shall become a part hereof; provided, however that if there is any conflict or inconsistency between such standard provisions and this Agreement, then this Agreement shall control.

2.2 Closing Date. The Escrow shall close the earlier of (a) thirty (30) days after the expiration of the Feasibility Period or (b) December 31, 2004 (the "Closing Date"); provided, however, Seller may, at its sole option, extend the Closing Date to a date not later than January 31, 2005. Notwithstanding the foregoing, the "Closing" (as defined in Paragraph 2.7 below) or Close of Escrow shall not occur unless the conditions to the Close of Escrow set forth in this Agreement have been satisfied or waived, including, without limitation, (i) the conditions set forth in Paragraphs 2.9 and 2.10 below, (ii) the condition that all items described in Paragraphs 2.5 and 2.6 below shall have been deposited with Escrow Holder, and (iii) the condition that the "Title Company" (as defined in Paragraph 2.3 below) has unconditionally committed to issue the "Title Policy" (as defined in Paragraph 2.3 below). If any of such conditions have not been satisfied or waived on or before the Closing Date, this Agreement and the Escrow shall terminate; provided, however that such termination shall not affect any claims that either party may have against the other for any breach of this Agreement. If neither party is in default hereunder, upon any termination of this Agreement, the provisions of Paragraph 2.11 below shall apply.

2.3 Title and Title Insurance. Seller shall convey title to the Property to Buyer by a bargain and sale deed in the form of Exhibit "2.2" attached hereto and incorporated herein (the "Bargain and Sale Deed"). At the "Close of Escrow," Fidelity National Title Insurance Company (the "Title Company"), shall issue through Escrow a Standard Washington Owner's Policy of Title Insurance (the "Title Policy") with liability in the amount of the Purchase Price, insuring fee title to the Real Property vested in Buyer, subject only to the following exceptions (the "Permitted Exceptions"):

- (i) the standard printed exceptions set forth in the Title Policy;
- (ii) general and special taxes and assessments not then delinquent or payable over time;
- (iii) those certain exceptions which have been approved by Buyer as provided in Paragraph 2.9.4 below; and
- (iv) any exceptions to title created by or made through Buyer.

2.4 Costs.

2.4.1 Escrow Holder's fees with respect to the Escrow shall be shared equally by Seller and Buyer.

2.4.2 Seller shall pay the premium for the Title Policy. The additional cost for any extended coverage, if selected by Buyer, and any endorsements to the Title Policy requested by Buyer shall be paid for by Buyer. Buyer shall pay all costs and expenses, if any, incurred in connection with its obtaining a survey of the Property.

2.4.3 All expenses and charges incurred in connection with the discharge of delinquent taxes, if any, or monetary liens or monetary encumbrances on the Property, other than (a) those created by or made through Buyer, (b) bonds, taxes and assessments payable over time, except to the extent payable by Seller under Paragraph 2.4.4 below, (c) interests granting royalties to third parties, (d) liens arising out of any legal proceedings encumbering the Property, notwithstanding the fact that such liens could be discharged by the payment of money, and (e) any exception to title that cannot expressly, by its terms, be discharged by payment of money, shall be paid by Seller.

2.4.4 All installments of bonds, special taxes or assessments which are a lien on the Property and due and payable in full prior to the time of Closing shall be prorated in the manner set forth in Paragraph 2.8.1 below; provided, however, that in determining any amount payable by Seller, such assessments shall be amortized over the longest period of time permitted by the taxing authority to make such payment, even if the assessment is assessed as a lump sum.

2.4.5 Each party shall be responsible for payment of the fees and expenses of its counsel relating to this Agreement and the transactions contemplated hereby.

2.4.6 Any county documentary or transfer taxes and recording fees shall be paid by Seller. Any city documentary or transfer taxes shall be paid one-half by Buyer and one-half by Seller.

2.4.7 Any other closing costs or charges shall be paid by the party that customarily pays such costs or charges in King County, Washington.

2.5 Deposit of Documents and Funds by Seller. Seller shall deposit with Escrow Holder the following items no later than two (2) business days prior to the Closing Date, duly executed and acknowledged where required:

2.5.1 The Bargain and Sale Deed.

2.5.2 A certified copy of resolutions of the Board of Directors of Seller adopted at a meeting of the Board of Directors approving this Agreement and the transactions contemplated hereunder ("Seller's Resolutions"), as soon after such meeting as the Seller's Resolutions are available.

2.5.3 An affidavit certifying that Seller is not a "foreign person" as defined in the Internal Revenue Code.

2.5.4 All other documents as may reasonably be required by Escrow Holder or the Title Company to close the Escrow in accordance with this Agreement.

2.6 Deposit of Documents and Funds by Buyer. Buyer shall deposit with Escrow Holder the following items no later than two (2) business days prior to the Closing Date, duly executed and acknowledged where required:

2.6.1 The Balance plus such additional funds as are required to pay Buyer's costs and prorations as provided in Paragraph 2.4 above and Paragraph 2.8 below, less any credits Buyer is entitled to hereunder.

2.6.2 A certified copy of documentation that authorizes Anthony Joyce to approve, as Managing Member of Buyer, this Agreement and the transactions contemplated hereunder (the "Buyer's Signature Authority Documentation").

2.6.3 All other funds and documents as may be reasonably required by Escrow Holder to close the Escrow in accordance with this Agreement.

2.7 Delivery of Documents and Funds at Closing. The performance of the acts set forth in this paragraph shall constitute the "Closing" or the "Close of Escrow" as such terms are used in this Agreement. The Escrow Holder shall conduct the Closing by recording and distributing the following described documents and funds in the following manner:

2.7.1 Deliver Seller's Resolutions to Buyer.

2.7.2 Deliver to Seller on the Closing Date immediately available funds in the sum of the Balance, and such other funds, if any, due Seller by reason of prorations,

less Seller's closing costs and prorations, if any, as provided in Paragraph 2.4 above and Paragraph 2.8 below, and any credits Buyer is entitled to hereunder.

2.7.3 Deliver Buyer's Signature Authority Documentation to Seller.

2.7.4 Pay the costs referred to in Paragraph 2.4 above.

2.7.5 Record the Bargain and Sale Deed in the Office of the County Recorder of King County.

2.7.6 Obtain and deliver the original Title Policy to Buyer and a copy to Seller.

2.8 Prorations.

2.8.1 Taxes. Escrow Holder shall prorate on a 365-day basis the ad valorem taxes on the Real Property for the current fiscal year and all installments of bonds, special taxes, and assessments payable over time as of the Close of Escrow based upon the most current real estate tax information available. Buyer acknowledges that Seller is obligated to pay to the Washington State Board of Equalization the ad valorem taxes on the Real Property for the entire tax fiscal year during which the Close of Escrow occurs even though (a) Seller will own the Property for less than the entire fiscal year, and (b) such payment may be due following the Close of Escrow. Therefore, Buyer agrees that at the Close of Escrow Seller shall be credited and Buyer shall be debited an amount equal to that portion of the ad valorem taxes on the Property attributable to the period from the Close of Escrow to the end of the tax fiscal year in which the Close of Escrow occurs. Any bill for supplemental ad valorem taxes ("Supplemental Taxes") on the Real Property which is issued after the Close of Escrow shall be prorated by Buyer and Seller outside of Escrow after the Close of Escrow. Each party shall remit its pro rata share of any such Supplemental Taxes, as reasonably determined by Seller, to the requesting party outside of Escrow within ten (10) days after such party's receipt of a copy of the bill for such Supplemental Taxes from the requesting party. Notwithstanding the proration procedure described above, Buyer shall assume and shall pay all taxes and assessments (including all roll-back taxes and assessments) levied or assessed against any portion of the Real Property as the result of a change in the use or ownership of the Real Property occurring from and after the Closing Date, and shall defend, indemnify, and hold Seller harmless from any cost, expense, liability, or obligation (including, without limitation, reasonable attorneys' fees and costs) with respect to any such taxes or assessments. This provision shall survive the Close of Escrow.

2.8.2 Utilities. Escrow Holder shall prorate through Escrow, on a 365-day basis, all water, gas, electric and other utility services, if any, provided to the Property.

2.9 Buyer's Conditions to Closing. Buyer shall not be obligated to proceed to the Close of Escrow and the Closing shall not occur unless and until, in addition to all other conditions contained in this Agreement, the following conditions have been satisfied or waived in writing by Buyer:

2.9.1 Evaluation of Property. On or before the expiration of the period ending on the day which is forty-five (45) days after mutual execution of this Agreement (the "Feasibility Period"), Buyer, in Buyer's sole discretion, shall have approved the Property, including, without limitation, the results of all inspections, tests or studies of the Property conducted by or on behalf of Buyer. Buyer shall deliver to Seller, promptly upon receipt, copies of all written inspection results, tests and studies of the Property conducted by or on behalf of Buyer. Further, without limiting the generality of the foregoing, Buyer shall have approved the feasibility of its obtaining such governmental approvals as may be required for Buyer's proposed use of the Property, including, without limitation, any changes in zoning (the "Zoning Approvals"), and shall have delivered written notice thereof to Seller and Escrow Holder. Buyer's failure to notify Seller or Escrow Holder prior to the expiration of the Feasibility Period of Buyer's disapproval of the Property or any of Buyer's feasibility studies shall constitute Buyer's election to proceed to the Close of Escrow. All inspections, tests and studies conducted by Buyer shall be at Buyer's sole cost and expense. Buyer shall deliver to Seller copies of all applications, plans and specifications, environmental reports and other documentation for Zoning Approvals for Seller's information concurrently with Buyer's submission thereof to any applicable government authority and shall invite Seller to attend all meetings and hearings related to such Zoning Approvals. Buyer agrees that Buyer shall keep Seller reasonably informed as to the status of Buyer's progress in obtaining all Zoning Approvals. Seller shall cooperate with Buyer as reasonably requested by and at the sole expense of Buyer (and to the extent possible) for the purpose of obtaining all Zoning Approvals and permits required in connection with Buyer's proposed use of the Property; provided, however, that the effectiveness of any such Zoning Approvals affecting the Property shall be expressly conditioned upon the occurrence of the Close of Escrow and shall not be binding upon Seller.

2.9.2 Related Documents. Promptly (and in any event within ten business days) following the execution of this Agreement by Buyer and Seller, Seller shall have delivered to Buyer copies of any technical studies or reports (including a survey of the Real Property, prepared by a licensed surveyor (the "Survey")) in Seller's possession and which are located at the office of (1) Seller's Broker (defined in Paragraph 12 below), (2) Verizon Northwest Inc. Building Services Department, and (3) Verizon Northwest Inc. Environmental Compliance Department regarding the environmental, seismic, or geological condition of the Property. Seller (a) has not independently investigated any information included in such studies or report; and (b) has not made and does not make any representations or warranty regarding the truth, accuracy or completeness of the information made available to Buyer. Seller shall use commercially reasonable efforts to deliver the documentation described above to Buyer; provided, however that Buyer acknowledges and agrees that despite Seller's commercially reasonable efforts to deliver to Buyer the documentation described herein, documents may inadvertently not be provided to Buyer, and Buyer shall make its own independent inspection of the Property in the manner set forth in Paragraph 5 below. Notwithstanding anything to the contrary contained in this Paragraph 2.9.2, Seller does not represent or warrant that any such studies or reports exist or are in Seller's possession, and Buyer assumes the entire risk of any inadvertent failure by Seller to deliver any documents to Buyer.

2.9.3 Evaluation of Title Report. Promptly (and in any event within ten business days) following the execution of this Agreement by Buyer and Seller, the Title Company shall have delivered to Buyer a preliminary title report issued by the Title

Company (the "Preliminary Report") for the Property (as well as copies of all title documents referred to therein).

2.9.4 Title Review.

(i) Approval. Buyer shall not have disapproved the Preliminary Report within the earlier of (a) fifteen (15) calendar days after the receipt of the Preliminary Report and copies of all documents referenced therein, or (b) the expiration of the Feasibility Period. Buyer shall provide to Seller and Escrow Holder written notice of Buyer's disapproval of any title exception (the "First Notice"). Any title exception not so disapproved shall be deemed approved, provided that if a supplemental report is issued showing any exception not shown on the Preliminary Report, Buyer shall have an additional ten (10) calendar days after receipt of such supplemental report and copies of all documents referred to therein (not previously provided to Buyer) to approve or disapprove any such title exception. Notwithstanding anything to the contrary contained in this paragraph, Buyer shall not be entitled to extend the title review beyond the expiration of the Feasibility Period for any supplemental title report issued in connection with a survey of the Property obtained on behalf of Buyer. Buyer shall not be entitled to disapprove liens for current non-delinquent property taxes or any exception to title created or made through Buyer.

(ii) Disapproval. Should Buyer disapprove any matters of title, then within ten (10) calendar days after Seller's receipt of such First Notice (the "Second Notice Period"), Seller shall provide notice to Buyer and Escrow Holder whether Seller is willing or able, in Seller's sole discretion, to attempt to cause such disapproved items to be eliminated prior to or at Closing (the "Second Notice"); provided, however, that if Seller does not provide such Second Notice, Seller shall be deemed to have elected not to attempt to remove the disapproved title exceptions. If the Second Notice states that Seller will attempt to cause such disapproved title exceptions to be removed from title to the Real Property prior to or at Closing, then Seller covenants to use commercially reasonable efforts to so remove them. If the Second Notice states that Seller is unable or unwilling to remove such disapproved title exceptions (or if Seller fails to send the Second Notice), then within ten (10) calendar days after (a) receipt of such Second Notice, or (b) expiration of the Second Notice Period if Seller fails to send the Second Notice, Buyer shall provide a notice to Seller and Escrow Holder stating whether Buyer will waive, in Buyer's sole discretion, Seller's inability or unwillingness to remove all the specified disapproved title exceptions from title to the Real Property (the "Third Notice"); provided, however, Buyer's failure to give such Third Notice shall be deemed to be a refusal to waive Buyer's disapproval of the title exceptions. If Buyer's Third Notice specifies that Buyer waives prior disapprovals except as to those matters Seller has eliminated or will eliminate prior to or at the Closing, the condition contained in this Paragraph 2.9.4 shall be deemed satisfied, so long as any disapproved title exceptions which Seller has agreed to eliminate prior to or at the Closing have been eliminated prior to or at the Closing. If the Third Notice specifies that Buyer refuses to waive its prior disapprovals (or if the Third Notice is not provided), this Agreement and the Escrow shall terminate in accordance with Paragraph 2.11 herein.

2.9.5 Issuance of Title Policy. The Title Company shall have issued the Title Policy as of the Close of Escrow.

2.9.6 Lot Line Alteration. On or before the Closing Date, Seller shall have completed the Lot Line Alteration as described in Paragraph 2.10.1 below. Seller agrees that Seller shall keep Buyer reasonably informed as to the status of Seller's obtaining the Lot Line Alteration. Seller shall deliver to Buyer a copy of the "Subdivision Conditions" (as defined in Paragraph 2.10.1 below) affecting the Property promptly after Seller's receipt. If any Subdivision Conditions would adversely and materially affect the Property and Buyer's intended use of the Property, Buyer shall have the right to disapprove of such Subdivision Conditions on or before the earlier to occur of (a) the business day prior to the Closing Date or (b) five (5) days after Buyer's receipt of the Subdivision Conditions for review (the "Conditions Approval Date"). If Buyer has not provided Seller with notice of such disapproval on or before the Conditions Approval Date, Buyer shall be deemed to have approved the Subdivision Conditions. If Buyer provides notice of disapproval, this Agreement shall be terminated as described in Section 2.11 below.

2.9.7 Waiver. The foregoing conditions set forth in Paragraphs 2.9.1 through 2.9.6 above are for the benefit of Buyer, and may be waived by Buyer in writing delivered to Seller and Escrow Holder. In satisfying the foregoing conditions, Buyer and Seller shall each exercise good faith, reasonableness and diligence. However, decisions authorized to be made in the sole discretion of either Buyer or Seller shall be final and not subject to review or challenge on any basis.

2.10 Seller's Conditions to Closing. Seller shall not be obligated to proceed to the Close of Escrow and the Closing shall not occur unless and until, in addition to all other conditions contained in this Agreement, the following conditions have been satisfied or waived in writing by Seller:

2.10.1 Lot Line Alteration. On or before the Closing, Seller shall have obtained all necessary governmental approvals to legally subdivide the Property from the balance of the Master Parcel (collectively, the "Lot Line Alteration"), which Lot Line Alteration including any conditions (the "Subdivision Conditions") shall be satisfactory to Seller in its sole and absolute discretion. Seller shall be responsible for the costs of processing the Lot Line Alteration. Buyer shall be responsible for complying with all Subdivision Conditions relating to the Property at Buyer's sole cost and expense. Buyer shall cooperate with Seller as reasonably requested by Seller for the purpose of obtaining the Lot Line Alteration provided that upon the election of Seller, the effectiveness of the Lot Line Alteration shall be expressly conditioned upon the occurrence of the Close of Escrow and shall not be binding upon Seller. Seller shall have sole discretion to determine whether the Lot Line Alteration can be obtained on terms acceptable to Seller. Seller shall have sole discretion to determine the specific configuration of the Lot Line Alteration, including the exact configuration of the Land and of the parcel that Seller is retaining; provided, that (a) the land area of the Property shall be approximately 62,780 square feet (1.441 acres) and (b) the configuration of the Property following the Lot Line Alteration shall be generally as shown on the attached Exhibit 1.1A. In obtaining the Lot Line Alteration, Seller shall obtain a revised site plan showing the new property lines to be drawn such that the Land is described and shown as a separate legal lot as set forth in the Site Plan attached as Exhibit 1.1A hereto. The parties acknowledge and agree that as soon as it is available, but not later than the Closing Date, a legal description of the Land will be initialed by Buyer and Seller and shall replace Exhibit "1.1B" hereto. Buyer shall affirmatively covenant to

the governmental entity issuing such approvals and Seller that following the Close of Escrow, it will satisfy all conditions imposed by the governmental entity with respect to the Property, and provided, further, that Buyer shall indemnify and hold Seller harmless from and against any and all losses, claims, damages, liabilities, or costs of any kind (including without limitation reasonably attorneys' fees) arising out of or relating in any way to the satisfaction (or nonsatisfaction) of any of such approved conditions imposed by the governmental entity. Each party shall bear its own attorneys' fees in connection with the processing of the Lot Line Alteration. The provisions of this Paragraph 2.10.1 shall survive the Close of Escrow.

2.10.2 Approval by Board of Directors. Seller's Board of Directors shall have approved this Agreement in writing on or before the expiration of the Feasibility Period (the "Approval"), and Seller shall have delivered the Approval to Buyer and Escrow Holder.

2.10.3 Release of Trust Indenture. At or prior to the Closing Date, Seller shall have obtained a release of that certain trust indenture currently encumbering the Property (the "Release of Trust Indenture") and shall have delivered the Release of Trust Indenture to Buyer and Escrow Holder. Seller shall use reasonable efforts to obtain approval of the Release of Trust Indenture from the holder/beneficiary of the trust indenture, beginning promptly after mutual execution of this Agreement, and shall keep Buyer reasonably apprised of its progress in that regard. Seller shall promptly notify Buyer if Seller receives notice that the holder of the Trust Indenture refuses to allow a requested release.

2.10.4 PUC Approval. At or prior to the Closing Date, the Washington Public Utilities Commission ("PUC") shall have approved the sale of the Property to Buyer in writing in a form which has been accepted by Seller in its sole and absolute discretion. No such approval shall be considered as final until any applicable appeal period following initial PUC approval shall have expired, or the final decision regarding any appeals, if so filed, shall have been rendered (the "PUC Approval"). Seller shall use reasonable efforts to commence to obtain the PUC Approval promptly after mutual execution of this Agreement, and shall keep Buyer reasonably apprised of its progress in that regard.

2.10.5 Performance of Obligations. At or prior to the Closing Date, Buyer shall have performed all of Buyer's obligations herein that are to be performed prior to the Closing.

2.10.6 Waiver. It is hereby understood that the conditions set forth in Paragraphs 2.10.1, through 2.10.5 above are for the benefit of Seller and may be waived by Seller in writing delivered to Buyer and Escrow Holder. In satisfying the conditions in this Paragraph 2.10, Seller and Buyer shall each exercise good faith, reasonableness, and diligence. However, decisions authorized to be made in the sole discretion of either Buyer or Seller shall be final and not subject to review or challenge on any basis.

2.11 Termination. Upon any termination of this Agreement and the Escrow (if applicable) for any reason, including the inability of Seller to obtain the Lot Line Alteration, the Approval, the Release of Trust Indenture or the PUC Approval as required under Paragraphs 2.10.1, 2.10.2, 2.10.3 and 2.10.4 above and other than either party's default

hereunder, (i) each party shall execute such documents as Escrow Holder may reasonably require to evidence such termination, (ii) Escrow Holder shall charge its fees and expenses to both parties equally, (iii) subject to the provisions of Subparagraph (ii) above, Escrow Holder shall return all documents and funds to the party who deposited them, (iv) Buyer shall return to Seller all documents delivered to it by Seller relating to the Property, (v) Buyer shall deliver to Seller all Documents Relating to the Property, as defined in Paragraph 11 below, (vi) Seller shall return to Buyer any portion of the Deposit previously delivered to Seller, and (vii) all obligations of either party relating to this Agreement and the Property shall terminate.

3. Seller's Representations and Warranties. Seller hereby represents and warrants to Buyer that, unless otherwise provided, at the date of execution hereof and at and as of the Closing Date:

3.1 Corporate Existence and Authority. Seller is a corporation (i) validly existing under the laws of the State of Washington; and (ii) duly authorized, qualified and licensed under any and all laws, ordinances, rules, regulations and requirements of all governmental authorities to do all things required of it under or in connection with this Agreement. This Agreement and all agreements, instruments and documents herein provided to be executed or to be caused to be executed by Seller are duly executed by and binding upon Seller; provided, however, that Seller shall have obtained the Lot Line Alteration, Approval, and the PUC Approval pursuant to Subparagraphs 2.10.1, 2.10.2, and 2.10.4 above. Each individual executing this Agreement on behalf of Seller represents and warrants that he or she is duly authorized to execute and deliver this Agreement on Seller's behalf.

3.2 Non-Foreign Person. Seller is not a "foreign person" within the meaning of Internal Revenue Code §1445.

3.3 Tenant Leases. To Seller's actual knowledge, except as disclosed in the Preliminary Report, there are no tenant leases on or affecting the Property (other than oil and gas or mineral leases).

3.4 Special Assessments or Condemnations. To Seller's actual knowledge, except as set forth in the Preliminary Report, Seller has not been served nor received notice of (i) special assessments, including LIDs, ULIDs, or similar assessments affecting the Property, except as set forth in the Preliminary Report, or (ii) condemnation actions against the Property, and to Seller's actual knowledge, Seller has not received notice of any contemplated special assessments or eminent domain proceedings that would affect the Property.

3.5 Service Contracts. To Seller's actual knowledge, except as disclosed in the Preliminary Report, there are no service, maintenance, repair, management, leasing or supply contracts or other contracts affecting the Property, oral or written, except such agreements as are cancelable without cost at the option of Seller or the then owner of the Property upon not more than 30 days prior written notice.

3.6 Litigation. To Seller's actual knowledge, Seller has not been served or received notice of any actions, suits or proceedings before any judicial or quasi-judicial body, pending, or threatened, against or affecting all or any portion of the Property.

If Buyer becomes aware of any existing or new item, fact or circumstance which renders one or more of the above representations or warranties made to Seller's actual knowledge incorrect or untrue, then provided each such representation and warranty was true when made by Seller, each such representation or warranty of Seller shall be automatically limited to account for such item, fact or circumstance.

The phrase "to Seller's actual knowledge," as used herein, shall mean the present actual knowledge, without duty of inquiry of Mr. James Tousignant, Manager, Real Estate Services.

4. Buyer's Representations and Warranties. Buyer hereby represents and warrants to Seller that at the date of execution hereof and at and as of the Closing Date, Buyer is a limited liability company (i) validly existing under the laws of the state of its formation and the State of Washington, and (ii) is duly authorized, qualified and licensed under any and all laws, ordinances, rules, regulations and requirements of all governmental authorities to do all things required of it under or in connection with this Agreement. This Agreement and all agreements, instruments and documents herein provided to be executed or to be caused to be executed by Buyer are duly executed and binding on Buyer. Each individual executing this Agreement on behalf of Buyer represents and warrants that he or she is duly authorized to execute and deliver the Agreement on Buyer's behalf.

5. Buyer's Examination of the Property. Except as provided in Paragraph 3 of this Agreement, Seller makes no representation or warranty respecting the Property, or any portion thereof, or otherwise in connection with the transaction contemplated hereby. Without limiting the generality of the foregoing, Buyer hereby acknowledges and agrees that Buyer will be purchasing the Property "AS IS" with all faults, without representation, warranty or guarantee of any kind, either express or implied, including, without limitation, any warranty of condition, merchantability, habitability or fitness for a particular use or purpose or the value, accuracy of information, marketability, prospects for future development, use or occupancy, except as provided in Paragraph 3 above, and more specifically that:

(i) Prior to the Close of Escrow, Buyer will have made its own independent investigation of the Property and all other aspects of this transaction, including, without limitation, the financial value of the Property and projected future income and expenses for the Property, and has relied entirely thereon and on the advice of its independent consultants (if any) in entering into this Agreement, and not on any information or material supplied by or on behalf of Seller.

(ii) Prior to the Close of Escrow, Buyer will have reviewed all instruments, records and documents which Buyer deemed appropriate or advisable to review in connection with the Property and this transaction, and Buyer will have determined that the information and data contained therein or evidenced thereby was satisfactory to Buyer.

(iii) Seller makes no representation or warranty with respect to the zoning or permitted use of any portion of the Property.

(iv) Prior to the Close of Escrow, Buyer will be fully satisfied that the Purchase Price is fair and adequate consideration for the Property.

(v) Subject to the conditions, covenants, representations and warranties of the parties set forth herein, notwithstanding any adverse effect on the marketability, desirability or value of the Property or any portion thereof which occurs between the execution of this Agreement and the Closing Date, including, without limitation, any adverse effect arising from or related to any changes or proposed changes to any governmental laws, ordinances, statutes, rules or regulations, the transactions contemplated by this Agreement shall be consummated on the terms and conditions contained herein.

6. Hazardous Material.

6.1 Definition of Hazardous Material. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material, or waste which is or becomes regulated by any local governmental authority, the State of Washington or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) defined as a "hazardous waste," "hazardous substance" or similar term under the Federal Water Pollution Control Act (33 U.S.C. §1317), (ii) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. (42 U.S.C. §6903), (iii) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et seq. (42 U.S.C. §9601), (iv) petroleum, (v) asbestos or (vi) which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action, policy or common law.

6.2 Presence of Hazardous Material. Buyer acknowledges that the Property may or may not contain certain Hazardous Materials and that Seller makes no representation or warranty to Buyer regarding the presence or absence of any Hazardous Materials on or under the Property. It shall be Buyer's responsibility under this Paragraph 6 to examine the Property and to review such reports or other documents it deems necessary to satisfy itself as to the presence or absence of any such Hazardous Materials.

6.3 Right to Inspect. Prior to the expiration of the Feasibility Period, Buyer shall have the right, at its cost and expense, to conduct such physical inspections of the Property that are necessary as Buyer considers appropriate in its reasonable discretion, including without limitation any inspections as necessary in order to determine the presence or absence of Hazardous Material on or under the Property (and including such sampling and analysis of the surface water, ground water and soils on or beneath the Property). Such inspections by Buyer shall not interfere with the ongoing operations at the Property, shall be conducted at reasonable times and under reasonable circumstances and shall be subject to the prior approval of Seller. Buyer shall promptly deliver the results of such inspections to Seller.

6.4 Cleanup of Hazardous Material. If, prior to the expiration of the Feasibility Period, either Seller or Buyer determines that a legally unacceptable level, according to applicable governmental standards, of Hazardous Material exists on or under the Property, then Buyer may, in Buyer's sole discretion, terminate this Agreement. In such case, Buyer shall

bear its own inspection costs, and the provisions of Paragraph 2.11 shall apply. If Buyer elects not to so terminate this Agreement, then Seller may, in Seller's sole discretion, either (1) terminate this Agreement, in which event the provisions of Paragraph 2.11 shall apply, or (2) commence to remove such Hazardous Material from the Property in which event the Close of Escrow shall be delayed until following Seller's completion of such removal. If Seller commences to remove such Hazardous Material, Seller shall thereafter diligently proceed with such removal at Seller's sole cost and expense, and in accordance with all applicable laws, rules, and regulations.

6.5 Buyer's Inspection. If Seller elects to remove such Hazardous Material pursuant to Paragraph 6.4 above, upon completion of such removal, Seller shall deliver to Buyer and to Escrow Holder notice stating that such removal has been completed. Within thirty (30) days following Buyer's receipt of such notice, Buyer shall inspect the Property in order to determine the presence or absence of Hazardous Material on or under the Property; provided, however, that Seller shall have the right to reasonably approve Buyer's agent who is to conduct such inspection. If such inspection reveals that the level of Hazardous Material remaining on or under the Property is at or less than the allowable level under applicable governmental rules or regulations, then Buyer shall be obligated to proceed to the Close of Escrow, and the Close of Escrow shall occur upon the first to occur of (1) the Closing Date, if such removal of Hazardous Material is completed at such time, or (2) within two (2) weeks following Buyer's inspection.

6.6 Indemnification. If the parties proceed to the Close of Escrow, Buyer shall indemnify, defend and hold Seller harmless from any and all claims, demands (including demands by any governmental agency), liabilities, costs, expenses, penalties, damages, losses and liens, including without limitation reasonable attorneys' fees, arising out of or with respect to (1) Hazardous Material on or under the Property, or migrating to or from the Property at the Close of Escrow or released on or under the Property subsequent thereto, and (2) any clean-up of any and all Hazardous Material which might remain or subsequently be placed on or under the Property. The indemnity provided for herein shall survive the Close of Escrow hereunder and shall not be merged into the Bargain and Sale Deed.

6.7 Release. If the parties proceed to the Close of Escrow, then:

6.7.1 Buyer and its employees, contractors, agents, and each of them, and its successors, assigns, heirs, devisees and executors, agree to forever release, discharge and acquit Seller and its parent, subsidiary and/or affiliate corporations, partnerships (general and limited), partners, directors, officers, shareholders, and employees, and each of them (collectively, "Releasees"), of and from any and all claims, demands, obligations, liabilities, indebtedness, breaches of duty of any relationship, acts, omissions, misfeasance, malfeasance, cause or causes of action, costs, sums of money, accounts, compensations, contracts, controversies, promises, damages, costs, losses and expenses, of every type, kind, nature, description or character (including without limitation reasonable attorneys' fees) (collectively "Claims"), and irrespective of how, why or by reason of what facts, whether heretofore or now existing, or which could, might or may be claimed to exist in the future, whether known or unknown, suspected or unsuspected, liquidated or unliquidated, including all Claims for nondisclosure, or unsuitable recommendation, each as if fully set forth herein at

length, which in any way arise out of, or are connected with or relate to (1) any Hazardous Material on or under the Property, or migrating to or from the Property, at the Close of Escrow or released on or under the Property subsequent thereto, and (2) any required clean-up of any and all Hazardous Material which might remain or subsequently be placed on or under the Property, including without limitation any personal injuries suffered by any person or persons. The release provided for herein shall survive the Close of Escrow hereunder and shall not be merged into the Bargain and Sale Deed.

6.7.2 Buyer and its successors, assigns, heirs, devisees and executors, agrees, represents and warrants that the matters released in Paragraph 6.7.1 hereof are not limited to matters which are known or disclosed, and hereby waives any and all rights and benefits which it now has, or in the future may have, conferred upon it by virtue of any statutes, rights, remedies or benefits of any jurisdictions, state and federal with regard to releases of unknown or undisclosed claims. In connection with the release contained in Paragraph 6.7.1, Buyer agrees, represents and warrants that it realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to Claims which are presently unknown, unanticipated and unsuspected, and further agrees, represents and warrants that the release contained in Paragraph 6.7.1 has been negotiated and agreed upon in light of that realization and that it nevertheless hereby intends to release, discharge and acquit Seller and Releasees from any such unknown Claims to the extent provided herein.

6.7.3 Buyer hereby agrees, represents and warrants that it has had advice of counsel of its own choosing in negotiations for and the preparation of this Agreement (including, without limitation, Paragraphs 6.7.1 and 6.7.2 herein), that it has read Paragraph 6.7.1 hereof and Paragraph 6.7.2, that it has had such Paragraphs fully explained by such counsel, and that it is fully aware of their contents and legal effect.

6.7.4 Buyer acknowledges and agrees that no employee, agent, legal counsel, or other representative of Seller, including Seller's Broker (as defined below) has been authorized to make, and in executing this Agreement Buyer has not relied upon, any statement of Seller, Seller's employees, agents, Seller's Broker, or legal counsel, and should Buyer be mistaken in its belief with regard to some issue of fact or law regarding the matters herein released, it specifically agrees to assume the risk of such mistake, if any exists. Buyer hereby acknowledges that Buyer is capable of performing or causing to be performed a thorough and independent investigation, analysis and evaluation of the Property and all other aspects of the transaction contemplated by this Agreement, and that it has had an opportunity to make, and to have its experts make its and their investigation regarding the matters herein released and all laws, rules and regulations related thereto.

7. Removal of Personal Property. Prior to the Close of Escrow, Seller shall remove from the Property any items of personal property owned by Seller. Such removal shall not affect the amount of the Purchase Price or any other terms or conditions of this Agreement.

8. Entry.

8.1 Right of Entry. Buyer and its representatives, employees, contractors, agents and designees shall have the right to enter upon the Property, at Buyer's sole

cost and expense, in order to inspect and investigate the Property and to conduct any and all surveys, tests and studies Buyer deems necessary or convenient, provided that Buyer shall immediately restore any damage done to the Property as the result of any such tests, surveys or studies. Prior to any entry upon the Property, Buyer shall designate in writing to Seller one or more representatives of Buyer who shall accompany any of such persons each time they enter upon the Property. Such entry or review shall be made only after reasonable advance written notice to Seller by Buyer (in no event less than 24 hours advance notice) and at times reasonably acceptable to Seller. Buyer shall indemnify and defend Seller against and hold Seller and the Property free and harmless from any and all claims, demands, liabilities, costs, expenses, penalties, damages, losses and liens, including without limitation, reasonable attorneys' fees, arising out of any such entry by Buyer or its representatives, employees, agents, contractors or designees. The indemnity provided for herein shall survive the termination of this Agreement or the Close of Escrow hereunder and shall not be merged into the Bargain and Sale Deed. The inspections of the Property shall be subject to the terms of this Paragraph 8.1 and shall be considered entries upon the Property for the purposes of this Paragraph 8.1.

8.2 Insurance. Commencing with Buyer's execution of this Agreement and at all times prior to the Close of Escrow, Buyer shall have in effect worker's compensation and employer's liability insurance with statutory limits of coverage as required by law, and with a limit of liability for coverage B of at least \$1,000,000/\$2,000,000 each occurrence/aggregate, and commercial general liability insurance naming Seller as an additional insured, with limits of not less than \$1,000,000 each occurrence, with \$2,000,000 aggregate for bodily injury, including death resulting therefrom, and broad form property damage, including collapse and underground property damage, and (b) waiver of subrogation. Prior to entering the Property, Buyer shall deliver to Seller certificates of insurance evidencing such coverage and further evidencing that such coverage may only be terminated or modified upon thirty (30) day's prior written notice to Seller. These covenants in this Paragraph 8.2 shall survive the Close of Escrow and shall not be merged into the Bargain and Sale Deed.

9. Condemnation; Damage and Destruction.

9.1 Condemnation. If condemnation proceedings are commenced against all or a portion of the Property (or if a public announcement or written notice is issued contemplating such proceeding) between the date this Agreement is executed by both parties and the Closing Date, Buyer may terminate this Agreement upon notice to Seller within ten (10) days after Seller notifies Buyer of the condemnation, and the Deposit shall be returned to Buyer. If Buyer does not terminate this Agreement, then the parties shall proceed to the Closing, and all proceeds and condemnation awards payable by reason of such condemnation shall be paid to Buyer or credited to Buyer at Closing. Seller shall give to Buyer prompt written notice of any condemnation that is commenced or of which Seller receives actual notice. Any condemnation shall be governed by the foregoing provisions, and not by any contrary statute or legal rule.

9.2 Damage and Destruction. Notwithstanding anything to the contrary contained in this Agreement, regardless of whether all or any portion of the Improvements are damaged or destroyed prior to the Close of Escrow, Buyer and Seller shall nonetheless proceed to Closing without abatement of the Purchase Price. Buyer and Seller

hereby waive the provisions of any federal or state statute with respect to damage and destruction.

10. Delivery of Possession. Subject to the rights of all tenants on the Property, if any, Seller shall deliver possession of the Property to Buyer at the Close of Escrow.

11. Delivery of Documents Relating to the Property. Within ten (10) days after the termination of this Agreement and the Escrow (if applicable) for whatever reason, Buyer shall deliver to Seller, without warranty and to the extent assignable by Buyer, at no cost to Seller, (a) all technical data prepared or obtained by Buyer, its agents or contractors in connection with the Property, including, but not limited to, land plans, maps, engineering studies, soils studies, geological studies and other engineering information in Buyer's possession or under Buyer's control, (b) all written documentation prepared or obtained by Buyer or filed with the applicable governmental authority in connection with the Zoning Approvals, including without limitation, applications, plans and specifications and environmental reports, and (c) all other written information relating to the Property in any manner whatsoever that is in Buyer's possession or under Buyer's control, including without limitation, appraisals, drawings and sketches, memoranda, construction documents, reports, studies and other technical or business information ((a), (b), and (c) are collectively referred to herein as, "Documents Relating to the Property"). All Documents Relating to the Property shall be the property of Seller; provided that Buyer agrees to use its good faith efforts to obtain the consent of third party consultants permitting Buyer to assign to Seller all Documents Relating to the Property prepared by such consultants. Buyer shall keep and shall require its agents to keep all such information confidential both prior to and after any termination of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, if this Agreement is terminated in accordance with Paragraph 2.11 above, Seller shall deliver any portion of the Deposit previously delivered to Seller or any other funds to which Buyer is entitled and Escrow Holder is irrevocably authorized and instructed not to deliver the Deposit or any other funds to which Buyer is entitled until Buyer has complied with the obligations set forth in this Paragraph 11.

12. Commissions. Buyer and Seller represent and warrant to one another that no broker, salesman or finder has been engaged by them in connection with the transactions contemplated by this Agreement other than CB Richard Ellis, Inc. representing Seller ("Seller's Broker"), and John L. Scott, representing Buyer ("Buyer's Broker"). Seller shall pay through Escrow Seller's Broker a commission upon the Close of Escrow pursuant to a separate written agreement. Seller's Broker shall pay to Buyer's Broker upon the Close of Escrow a commission pursuant to a separate agreement between Buyer's Broker and Seller's Broker. In the event of a claim for brokers' or finders' fees or commissions in connection with the negotiation or execution of this Agreement or the transactions contemplated hereby, Seller shall indemnify, hold harmless and defend Buyer from and against such claim if it shall be based upon any statement, representation, or agreement alleged to have been made by Seller (including any claim asserted by Seller's Broker), and Buyer shall indemnify, hold harmless and defend Seller if such claim shall be based upon any statement, representation, or agreement alleged to have been made by Buyer (excluding any claim asserted by Seller's Broker).

13. LIQUIDATED DAMAGES.

13.1 BUYER'S DEFAULT. NOTWITHSTANDING ANY OTHER PROVISION HEREIN CONTAINED, IF THE SALE OF THE PROPERTY IS NOT CONSUMMATED BY REASON OF ANY DEFAULT BY BUYER, THEN SELLER SHALL BE ENTITLED TO LIQUIDATED DAMAGES FROM BUYER IN THE AMOUNT OF THE DEPOSIT (\$45,000) AND ANY INTEREST ACCRUED THEREON, WHICH SUM THE PARTIES AGREE IS A REASONABLE ESTIMATE OF THE DAMAGES TO BE INCURRED BY SELLER AS A RESULT OF SUCH DEFAULT, CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS AGREEMENT, INCLUDING THE RELATIONSHIP OF SUCH SUM TO THE RANGE OF HARM TO SELLER THAT REASONABLY COULD BE ANTICIPATED, THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGES WOULD BE COSTLY, DIFFICULT AND IMPRACTICABLE, AND THE INCONVENIENCE OR NONFEASIBILITY OF SELLER OTHERWISE OBTAINING AN ADEQUATE REMEDY. THE PARTIES, IN DETERMINING THE BASIS FOR THE LIQUIDATED DAMAGES AMOUNT, HAVE CONSIDERED POTENTIAL ELEMENTS OF DAMAGE, INCLUDING THE FOLLOWING: (1) LOSS OF USE OF THE PURCHASE PRICE FUNDS; (2) ATTORNEYS' FEES INCURRED IN NEGOTIATING AND DOCUMENTING THE PROPOSED TRANSACTION; (3) REAL ESTATE TAXES; (4) INSURANCE COSTS; (5) UTILITY COSTS; (6) RISK OF LOSS DUE TO POSSIBLE ADVERSE CHANGES IN THE REAL ESTATE MARKET; AND (7) RISK OF LOSS DUE TO POSSIBLE ADVERSE CHANGES IN APPLICABLE TAX LAWS.

SELLER'S RIGHT TO LIQUIDATED DAMAGES DESCRIBED IN THIS PARAGRAPH SHALL BE SELLER'S SOLE REMEDY AS A RESULT OF A FAILURE BY BUYER TO CLOSE THE ESCROW DESCRIBED IN THIS PARAGRAPH, AND IS ACCEPTED BY SELLER IN LIEU OF ANY OTHER RIGHT OR REMEDY AVAILABLE AT LAW AS A RESULT OF BUYER'S FAILURE TO CLOSE THE ESCROW DESCRIBED IN THIS PARAGRAPH. BY PLACING THEIR INITIALS AT THE PLACES PROVIDED, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY WAS REPRESENTED BY COUNSEL WHO EXPLAINED THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION AT THE TIME THIS AGREEMENT WAS MADE.

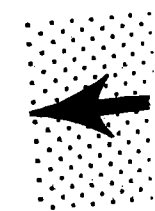
SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS PARAGRAPH 13.1 AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

THE PROVISIONS OF THIS PARAGRAPH 13.1 ARE NOT INTENDED AND SHALL NOT BE CONSTRUED TO LIMIT OR NEGATE BUYER'S INDEMNIFICATION OBLIGATIONS AS SET FORTH ELSEWHERE IN THIS AGREEMENT

MJB

Seller's Initials

Buyer's Initials



Am

TO SELLER: VERIZON NORTHWEST INC.
c/o Verizon Corporate Real Estate
112 S. Lakeview Canyon Rd. (CA501CW)
Thousand Oaks, CA 91362
Attention: Mr. James Tousignant

WITH COPIES TO: Van Etten Suzumoto & Becket LLP
1620 26th Street, Suite 6000 North
Santa Monica, California 90404
Attention: Michael J. Brill, Esq.

CB Richard Ellis, Inc.
c/o Verizon Corporate Real Estate
112 S. Lakeview Canyon Rd. (CA501CW)
Thousand Oaks, CA 91362
Attention: Mr. Jim Pobanz

TO BUYER: Mr. Anthony Joyce
12715 NE 124th Street
Kirkland, WA 98034-8307

WITH A COPY TO: Mr. Ronald D. Allen
Socius Law Group
Two Union Square
601 Union Street, Suite 4950
Seattle, WA 98101

TO ESCROW HOLDER: Fidelity National Title Insurance Company
National Accounts Group
601 S Figueroa, Suite 2130
Los Angeles, CA 90017
Attention: Ms. Julia Davis, Escrow Officer

Any such notice, demand, request or other communication shall be deemed effective on the day of actual delivery or refusal to accept as shown by the addressee's return receipt. If the date on which any notice required to be delivered hereunder falls on a weekend or legal holiday, then such notice may be delivered on the next business day immediately following such weekend or holiday. If the date of Closing, or any other date, such as the expiration of the Feasibility Period fall on a weekend or legal holiday, then such date shall automatically be extended to the next business day immediately following such weekend or holiday. The foregoing addresses may be changed by notice given in accordance with this Paragraph 15.

16. Amendment; Complete Agreement. All amendments and supplements to this Agreement must be in writing and executed by Buyer and Seller. All understandings and agreements between the parties (including any printed offer of sale provided by Seller to Buyer) regarding the Property are merged in this Agreement, which alone fully and completely

expresses the agreement of the parties regarding the Property. This Agreement has been entered into after full investigation of the facts by both parties and neither party has relied on any statement or representation not embodied in this document. This Agreement has been drafted through a joint effort of the parties and their counsel and therefore shall not be construed against either of the parties as the draftsman.

17. Governing Law. This Agreement shall be governed under the laws of the State of Washington.

18. Counterparts, Headings and Defined Terms. This Agreement may be executed in several counterparts each of which shall be an original, but all of such counterparts shall constitute one such Agreement. The headings used herein are for convenience only and are not to be construed to be part of this Agreement. For the purposes of this Agreement, (a) the term "including" means "including without limitation," and (b) when a time period is specified in this Agreement for the performance of an act or the occurrence of an event, "days" shall mean "calendar days," unless otherwise specified herein.

19. No Offer. Submission of this Agreement for examination or signature by Buyer is not effective as an agreement to sell the Property or otherwise until execution by and delivery to both Buyer and Seller of an original of this Agreement.

20. Time of the Essence. Time is of the essence of this Agreement.

21. Waiver. The waiver by one party of performance of any covenant, condition or promise shall not invalidate this Agreement, nor shall it be considered to be a waiver by it of any other covenant, condition or promise. The waiver by either or both parties of the time for performing any act shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time. Except as specifically provided in Paragraph 13 above, the exercise of any remedy provided in this Agreement shall not be a waiver of any other remedy provided by law.

22. Third Parties. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person, other than the parties hereto and their successors and assigns, any rights or remedies under or by reason of this Agreement.

23. Severability. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, unless such invalidity, illegality or unenforceability materially affects the transactions contemplated by this Agreement or the ability of either party to perform its obligations under this Agreement. In such case, either party may terminate this Agreement and the Escrow on written notice to the other party given no later than ten (10) business days after the party giving such notice becomes aware of such invalidity, illegality or unenforceability, and the provisions of Paragraph 2.11 above shall apply.

24. Tax-Deferred Exchange. Each party shall reasonably cooperate with the other if such other party elects to either acquire the Property or convey the Property in



connection with a tax-deferred exchange within the meaning of Section 1031 of the Internal Revenue Code of 1986, as amended, provided that (a) either party's election to effect a tax-deferred exchange shall not create any additional conditions to the Close of Escrow or extend the Closing Date; and (b) Seller shall not be obligated in any event to take or receive title to any other real property in connection with such exchange. Any such exchange shall be accomplished by supplemental instructions, exchange documents and an exchange accommodator, if any, reasonably acceptable to both parties. The party electing to enter into a tax-deferred exchange shall indemnify and hold the other party harmless from and against any and all liens, claims, damages, liabilities, losses, costs and expenses, including reasonable attorneys' fees, arising out of or relating to the cooperating party's participation in the tax-deferred exchange contemplated by this Paragraph. The Close of Escrow shall not be conditioned on the closing of any proposed tax-deferred exchange, and if such proposed tax-deferred exchange is not in a position to close concurrently with the Close of Escrow, the parties shall nevertheless be obligated to complete the purchase and sale of the Property on the Closing Date on the terms and conditions of this Agreement.

25. Additional Documents. Each party hereto agrees to perform any further acts and to execute and deliver any further documents which may be reasonably necessary to carry out the provisions of this Agreement.

26. Assignment; Binding Effect. This Agreement shall not be assignable by Buyer to any other party without the prior written consent of Seller, which consent Seller may withhold in its sole discretion. For purposes of this Paragraph, any agreement entered into between Buyer and a third party prior to the Close of Escrow to sell or otherwise transfer any interest in the Property, including, without limitation, the execution of escrow instructions contemplating such a sale or transfer shall be deemed an assignment. Any such assignment without Seller's consent as provided herein, shall be deemed a material breach of this Agreement, and Seller, may, in Seller's sole discretion, elect to terminate this Agreement, in which case this Agreement shall be null and void, Buyer shall have no further rights hereunder, and Seller shall be entitled to damages as provided in Paragraph 13. Subject to the foregoing, this Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of Seller and Buyer. Notwithstanding the foregoing, Seller shall not unreasonably withhold consent to Buyer assigning its rights hereunder to a limited liability company or corporation wholly owned by Buyer and organized for the purpose of acquiring the Property (which assignment shall not relieve Buyer of any of its obligations hereunder).

27. Waiver of Trial by Jury. SELLER AND BUYER KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE (TO THE EXTENT PERMITTED BY APPLICABLE LAW) ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY OF ANY DISPUTE ARISING UNDER OR RELATING TO THIS AGREEMENT, AND THE PARTIES AGREE THAT ANY SUCH DISPUTE SHALL BE TRIED BEFORE A JUDGE SITTING WITHOUT A JURY.

28. Independent Counsel. Each party acknowledges that it has consulted with and had the opportunity to consult with independent counsel of its own choosing in connection with the negotiation and execution of this Agreement.

29. Backup Offer. Until the Closing, Seller may consider back-up offers for a portion or all of the Property.

30. Limitation of Liability. Buyer acknowledges and agrees that neither the shareholders, officers, employees nor affiliates of Seller shall be liable for obligations entered into by or on behalf of Seller. Seller shall not be liable for any indirect, incidental, speculative, punitive, special, or consequential damages of any kind including, but not limited to, loss of revenue, loss of goodwill, loss of business opportunity, loss of profits, losses related to third party claims or any one or more of them arising in any manner from this Agreement or the performance or nonperformance of obligations related thereto regardless of the foreseeability thereof. Notwithstanding anything to the contrary set forth in Paragraph 13.2 above, if prior to the Closing Date Buyer becomes aware of any existing or new item, fact or circumstance that renders a representation or warranty of Seller set forth herein incorrect or untrue in any material respect (collectively, the "Representation Matter") or that has a material, adverse impact on the value of the Property, then provided such representation or warranty was true when made by Seller Buyer's sole remedy shall be the right to terminate this Agreement and obtain a refund of the Deposit by providing written notice thereof to Seller no later than seven (7) business days after Buyer learns of such Representation Matter. If Buyer does not timely terminate this Agreement, then Seller's representations and warranties shall be automatically limited to account for the Representation Matter, Buyer shall be deemed to have waived Buyer's right to pursue any remedy for breach of the representation or warranty made untrue on account of such Representation Matter, and the parties shall proceed to the Close of Escrow. Notwithstanding anything to the contrary contained in this Agreement, Buyer hereby agrees that Seller's maximum liability under this Agreement for actual, direct damages shall not exceed \$45,000 in the aggregate and that any action or claim asserted by Buyer against Seller must be filed (if at all) within twelve (12) months following the Closing, and Buyer hereby waives any right to bring any such claim or action thereafter. The provisions of this Paragraph 30 shall survive the Closing and shall not merge with the Bargain and Sale Deed.

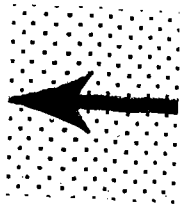
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

APPROVED AS TO FORM
VAN ETEN SUZUMOTO & BECKET LLP
By: *Krist A. Mattheis*
Date: 11.8.04

SELLER:

VERIZON NORTHWEST INC.,
a Washington corporation

By: *Michael J. Baumann*
Michael J. Baumann
Title: Director - Portfolio Management



BUYER:

Medina Park Place, L.L.C.,
a Washington limited liability company

By: *Anthony Joyce*
Anthony Joyce
Managing Member

Jan

AGREEMENT OF PURCHASE AND SALE
AND ESCROW INSTRUCTIONS

EXHIBIT "1.1A"

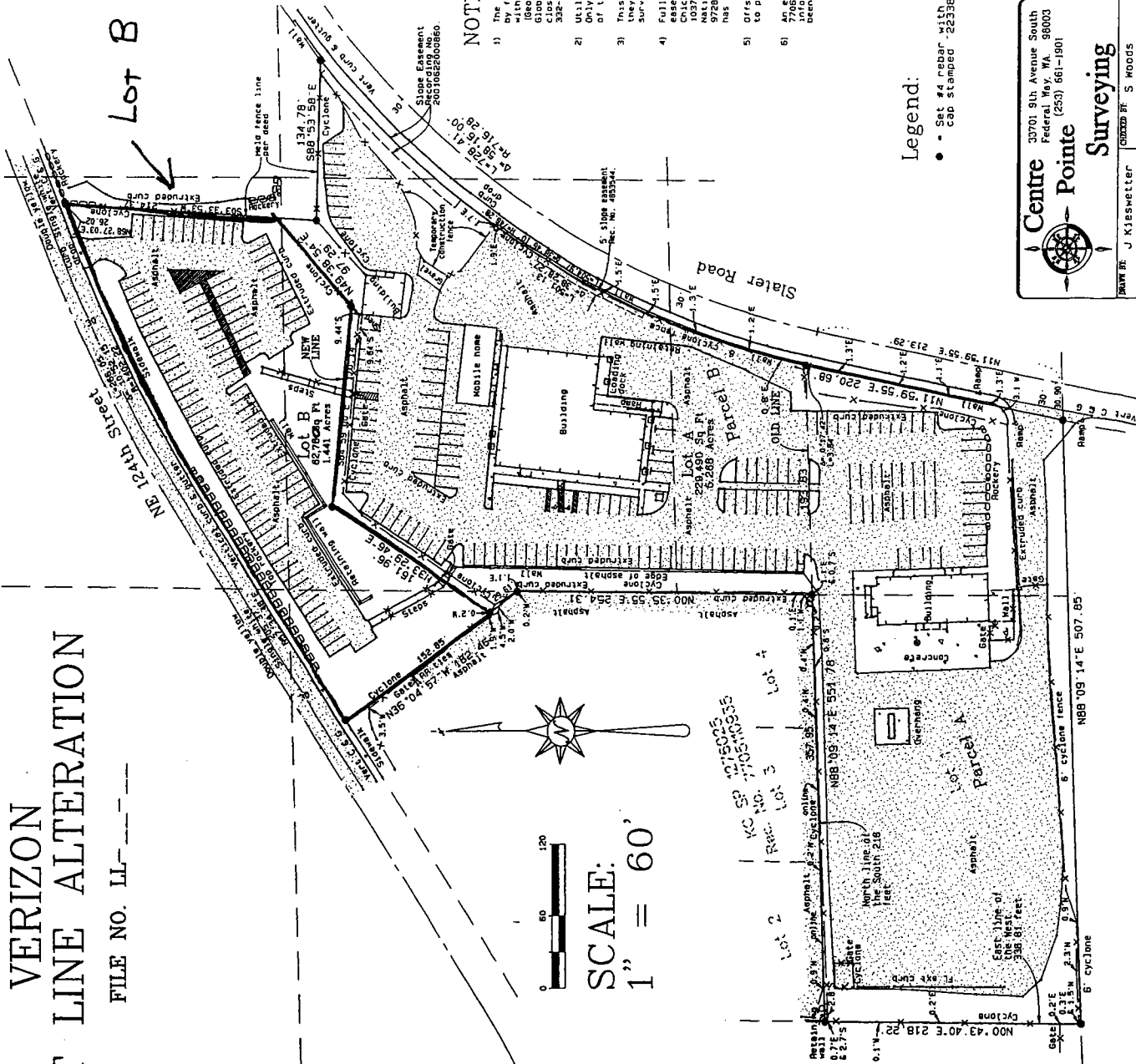
SITE PLAN DEPICTING THE LAND

[See attached.]

A handwritten signature in black ink, appearing to be the initials 'JMS', located in the bottom right corner of the page.

VERIZON LOT LINE ALTERATION

FILE NO. LL- ---



NOTES:

- 1) The monument control shown for this site was accomplished by field traverse with electronic distance measuring meter (Leica 600) and Real Time Kinematic (RTK) / Static Global Positioning System (GPS). Linear and angular of the traverses meet the standards of IAC 332-130-090.
- 2) Utilities other than those shown may exist on this site and are shown in blue on having visible evidence of their installation are shown in green.
- 3) This survey represents physical improvement conditions as they existed October 14, 2002, the date of this field survey.
- 4) Full reliance for legal descriptions and recorded easements have been placed on the title reports from National Title Company, Commitment order No. 1037420, dated September 20, 2000, and National Title Company of Washington Commitment order No. 9728289, dated May 21, 2004. No additional research has been attempted.
- 5) Offset dimensions shown hereon are measured perpendicular to property lines.
- 6) An easement (or sewer) filled under Recording No. 106210886, this easement does not contain sufficient information to determine an exact location and has not been shown hereon.

Legend:

- - Set #4 rebar with yellow cap stamped 22536/38863.



Centre Pointe Surveying
33701 9th Avenue South
Federal Way, WA, 98003
(253) 861-1901

DRAWN BY: J. Kieswetter
DATE: October 22, 2004
SCALE: 1"=60'

CHECKED BY: S. Woods
DATE: [blank]
SCALE: [blank]

INDEX DATA:
NW-SE 28, T26N, R5E, WM
APPLICANT'S REPRESENTATIVE:
BLU CREDIT, LTD.
112 S LAMAR AVENUE
HOUSTON, TEXAS, CA, 91362

KING COUNTY, WASHINGTON
SHEET 4 OF 4

Handwritten signature

AGREEMENT OF PURCHASE AND SALE
AND ESCROW INSTRUCTIONS

EXHIBIT "1.1B"

LEGAL DESCRIPTION OF LAND

Commencing at the Southwest corner of the East half of the Northwest quarter of the Southeast quarter of Section 28, Township 26 North, Range 5 East, of the Willamette Meridian;

thence North 00°35'55" East, along the West line of said East half, a distance of 472.51 feet;

thence North 36°04'57" West, a distance of 29.61 feet to the True Point of Beginning;

thence continuing North 36°04'57" West, a distance of 152.85 feet to the Southerly margin of Northeast 124th Street;

thence North 57°34'48" East, along said margin, a distance of 205.37 feet to the beginning of a curve tangent to said line;

thence Northeasterly, along said South margin, a distance of 266.05 feet along the curve concave to the Southeast, having a radius of 1402.22 feet and a central angle of 10°52'15";

thence North 68°27'03" East, along said South margin, tangent to said curve, a distance of 26.02 feet;

thence South 03°33'53" West, along an existing cyclone fence, a distance of 180.89 feet;

thence South 49°38'54" West, a distance of 97.29 feet;

thence North 84°59'00" West, a distance of 170.14 feet;

thence South 33°29'46" West, a distance of 161.96 feet to the True Point of Beginning.

**AGREEMENT OF PURCHASE AND SALE
AND ESCROW INSTRUCTIONS**

EXHIBIT "2.1"

ESCROW HOLDER'S STANDARD PROVISIONS

TO: FIDELITY NATIONAL TITLE INSURANCE COMPANY

1. Time is of the essence of these instructions. If this escrow is not in a condition to close by the Closing Date as provided for in the foregoing Purchase Agreement and written demand for cancellation is received by you from any principal to this escrow after said date, you shall act in accordance with Paragraph 7 of these General Provisions. If no conflicting instruction or demand for cancellation is made, you will proceed to close this escrow when the principals have complied with the escrow instructions. In the event one or more of the General Provisions are held to be invalid, those remaining will continue to be operative. Any amendments of or supplements to any instructions affecting escrow must be in writing. You are authorized, prior to the close of escrow, to pay from funds on deposit any fees necessary to obtain any demand and/or report as may be required in this escrow and at the close of escrow charge the parties as appropriate. The principals will hand you any funds and instruments required from each respectively to complete this escrow. Interest on any new financing may begin to accrue on the date loan funds/proceeds are disbursed by the new lender, and borrower agrees to pay same in accordance with lender's instructions.

2. You are instructed to deliver and/or record all documents and disburse all funds when you can comply with these instructions and issue any title insurance policy as called for herein. These instructions, together with any amendments and/or supplements, may be executed in counterparts and together shall constitute one and the same document. If these instructions relate to a sale, and if there is no other written agreement between the parties pertaining thereto, buyer agrees to buy and seller agrees to sell upon the terms and conditions hereof. All documents, balances and statements due the undersigned are to be mailed to the respective addresses shown herein, unless otherwise directed. In the event that any party to this escrow utilizes facsimile transmitted signed documents, all parties hereby agree to accept and hereby instruct the escrow holder to rely upon such documents as if they bore original signatures. Buyer and seller further acknowledge that any documents to be recorded bearing non original (facsimile) signatures will not be accepted for recording by the county recorder.

3. The phrase "close of escrow" (or COE) as used in this escrow means the date on which documents are recorded, unless otherwise specified.

4. Assume a 30 day month in any proration herein provided, and unless otherwise instructed, you are to use the information contained in the latest available tax statement, including any supplemental taxes of record, rental statement as provided by seller and beneficiary's or association-statements delivered into escrow for proration purposes.

Lee

5. Upon close of escrow you are instructed to charge our respective accounts the costs attributable to each, including but not limited to costs as provided for herein and/or in accordance with our respective estimated statements attached hereto and made a part hereof.

6. Recordation of any instruments delivered through this escrow, if necessary or proper for the issuance of the policy of title insurance called for, is authorized. No examination or insurance as to the amount or payment of personal property taxes is required unless specifically requested.

7. If demand to cancel is submitted after the Closing Date, any principal so requesting you to cancel this escrow shall file notice of demand to cancel in your office in writing. You shall within three (3) working days thereafter mail by certified mail one copy of such notice to each of the other principals at the address stated in this escrow. Unless written objection thereto is filed in your office by a principal within fifteen (15) calendar days after the date of such mailing, you are instructed to cancel this escrow. If this is a sale escrow, you may return the lender's papers and/or funds upon lender's demand.

8. In the event that this escrow is canceled, any fees or charges due Fidelity National Title Insurance Company including cancellation fees and any expenditures incurred or authorized shall be paid from funds on deposit unless otherwise specifically agreed to or determined by a court of competent jurisdiction. Upon payment thereof, return documents and monies to the parties as set forth in the foregoing Purchase Agreement, or as ordered by the court, and void any executed instruments.

9. If there is no written activity by a principal to this escrow within any six-month period after the Closing Date set forth in the Purchase Agreement, Fidelity National Title Insurance Company may, at its option, terminate its agency obligation and cancel this escrow, returning all documents, monies or other items held, to the respective parties entitled thereto, less any fees and charges as provided herein.

10. If for any reason, funds are retained or remain in escrow after the closing date, you may deduct therefrom a reasonable charge as custodian, of not less than \$25.00 per month, unless otherwise specified.

11. In the event that you should receive written conflicting demands or claims with respect to this escrow, or with respect to the rights of any of the parties hereto, or with respect to any money or property deposited herein, you shall have the absolute right at your option to discontinue any or all further acts until such conflict is resolved to your satisfaction, including by means of filing an action in interpleader if agreement is not reached within a reasonable time.

12. In the event that any Offer to Purchase, Deposit Receipt, or any other form of Purchase Agreement (collectively, the "Purchase Agreement") is deposited in this escrow, if there is a conflict between the terms of these General Provisions and the Purchase Agreement, the terms of the Purchase Agreement shall control.



13. The parties hereto, by execution of these instructions acknowledge that the escrow holder assumes no responsibility or liability whatsoever for the supervision of any act or the performance of any condition which is a condition subsequent to the closing of this escrow.

14. In the absence of instructions to the contrary, you are hereby authorized to utilize wire services, overnight next day, or other expedited delivery services (as opposed to the regular U.S. Mail) and to charge the respective party's account accordingly.

15. Concerning any real property involved in this transaction you are released from and shall have no liability, obligation or responsibility with respect to (a) withholding of funds pursuant to Section 1445 of the Internal Revenue Code of 1986 as amended, and to Sections 18662 and 18668 of the California Revenue and Taxation Code, (b) advising the parties as to the requirements of said Section 1445, (c) determining whether the transferor is a foreign person or a nonresident under such Section, nor (d) obtaining a non foreign affidavit or other exemption from withholding under said Sections nor otherwise making any inquiry concerning compliance with such Sections by any party to the transaction.

16. If you pay a demand to pay in full a revolving line of credit or equityline loan, you are hereby instructed on my behalf and for my benefit, to request that the lender issuing said demand cancel said revolving line or equityline of credit.

17. You are authorized to furnish to any affiliate of Fidelity National Title Insurance Company, any attorney, broker or lender identified with this transaction or any one acting on behalf of such lender any information, instructions, amendments, statements, or notices of cancellation given in connection with this escrow. If any check submitted to escrow is dishonored when presented for payment, you are authorized to notify all principals and/or their respective agents of such non payment.

18. All notices, change of instructions, communications and documents are to be delivered in writing to the office of Fidelity National Title Insurance Company, as set forth herein.

19. All funds received in this escrow shall be deposited with other escrow funds in one or more non-interest bearing demand accounts of Fidelity National Title Insurance Company in any state or federal bank or any state or federal savings and loan association ("the depository institutions") and may be transferred to any other such accounts.

The parties to this escrow acknowledge that while these accounts do not bear interest, because of these and other banking relationships with the depository institutions, Fidelity National Title Insurance Company and its affiliates may receive from some of the depository institutions an array of banking services, accommodations or other benefits. Fidelity National Title Insurance Company and its affiliates also may elect to enter into other business transactions with or obtain loans for investment or other purposes from some of the depository institutions. All of such services, accommodations and other benefits shall accrue, directly or indirectly, to Fidelity National Title Insurance Company and its affiliates and they shall have no obligation to account to the parties to this escrow for the value of such services, accommodations or other benefits. All disbursements shall

BARGAIN AND SALE DEED

EXHIBIT "A"

THE PROPERTY

Commencing at the Southwest corner of the East half of the Northwest quarter of the Southeast quarter of Section 28, Township 26 North, Range 5 East, of the Willamette Meridian;

thence North 00°35'55" East, along the West line of said East half, a distance of 472.51 feet;

thence North 36°04'57" West, a distance of 29.61 feet to the True Point of Beginning;

thence continuing North 36°04'57" West, a distance of 152.85 feet to the Southerly margin of Northeast 124th Street;

thence North 57°34'48" East, along said margin, a distance of 205.37 feet to the beginning of a curve tangent to said line;

thence Northeasterly, along said South margin, a distance of 266.05 feet along the curve concave to the Southeast, having a radius of 1402.22 feet and a central angle of 10°52'15";

thence North 68°27'03" East, along said South margin, tangent to said curve, a distance of 26.02 feet;

thence South 03°33'53" West, along an existing cyclone fence, a distance of 180.89 feet;

thence South 49°38'54" West, a distance of 97.29 feet;

thence North 84°59'00" West, a distance of 170.14 feet;

thence South 33°29'46" West, a distance of 161.96 feet to the True Point of Beginning.



ACKNOWLEDGMENT

STATE of _____)

County of _____)

On this _____, 200__ before me _____,
personally appeared _____ () personally known to me, or
() proved to me on the basis of satisfactory evidence to be the person whose name is
subscribed to the within instrument and acknowledged to me that he/she executed the same in
his/her authorized capacity, and that by his/her signature on the instrument the person, or entity
upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

(SEAL)



