

CONDOMINIUM PURCHASE AND SALE AGREEMENT
SPECIFIC TERMS **MLS No.:** _____

1. **Date:** _____, _____
2. **Buyer:** _____
3. **Seller:** Fifth Avenue Development LLC
4. **Property:** Tax Parcel Nos.: _____ (Snohomish County)
Unit No.: _____ Residential Condominium: The Gregory
Address: 505 5th Avenue S. Edmonds Washington 98020
Recording Nos. of Survey Map and Plans: see Gregory Addendum
 Condominium Declaration Recording Number: _____
 Declaration Recording Number Not Available, attach NWMLS Form 29
Parking Space No.: See Gregory Addendum Storage Space No.: See Gregory Addendum
Included Items: stove/range refrigerator washer dryer dishwasher security system satellite dish
 wood stove fireplace insert hot tub other Microwave
5. **Purchase Price:** _____
6. **Earnest Money:** (To be held by Selling Broker Closing Agent)
Personal Check: _____
Note: _____
Other (_____): _____ To be deposited within 7 bus. days of mutual acceptance.
7. **Default:** (check only one) Forfeiture of Earnest Money Seller's Election of Remedies
8. **Title Insurance Company:** Chicago Title Insurance Co.
9. **Closing Agent:** a qualified closing agent of Buyer's choice Chicago Title and Escrow
10. **Closing Date:** See Gregory Addendum
11. **Possession Date:** on Closing _____ calendar days after Closing _____
12. **Offer Expiration Date:** _____
13. **Counteroffer Expiration Date:** _____
14. **Addenda:** 22Z(Sno SmokeCert) Gregory Addendum Exhibit A
Attachment 'A' Gregory Warranty Addendum
Inspection Addendum: NWMLS 35A NWMLS 35B Other None
15. **Agency Disclosure:** Selling Licensee represents Buyer Seller both parties neither party
Listing Agent represents Seller both parties
16. **Services of Closing Agent for Payment of Utilities:** Requested (Attach NWMLS Form 22K) Waived
17. **New Construction or Conversion:** is (attach NWMLS Form 29) is not
18. **Public Offering Statement:** received _____ deliver to Buyer _____ days after mutual acceptance
19. **Resale Certificate:** received N/A deliver to Buyer _____ days after mutual acceptance
20. **Condominium Assessment:** _____ per month and Deposit equal to Two month's assessment at Closing

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|-----------------------------------|-------------------------|
| _____ Buyer's Signature | _____ Date |
| _____ Buyer's Signature | _____ Date |
| _____ Buyer's Address | |
| _____ City, State, Zip | |
| _____ Phone | _____ Fax |
| _____ Buyer's E-mail Address | |
| _____ Selling Broker | _____ MLS Office No. |
| _____ Selling Licensee (Print) | |
| _____ Phone | _____ Fax |

| | |
|--|-------------------------|
| _____ Seller's Signature | _____ Date |
| _____ Seller's Signature | _____ Date |
| <u>51 West Dayton Street Suite 304</u> | |
| _____ Seller's Address | |
| <u>Edmonds WA 98020</u> | |
| _____ City, State, Zip | |
| <u>425-673-4218</u> | <u>425-673-1831</u> |
| _____ Phone | _____ Fax |
| _____ Seller's E-mail Address | |
| <u>Williams Marketing, Inc.</u> | <u>4720</u> |
| _____ Listing Broker | _____ MLS Office No. |
| <u>Leslie Williams</u> | |
| _____ Listing Agent (Print) | |
| <u>206-285-1881</u> | <u>206-284-1152</u> |
| _____ Phone | _____ Fax |

CONDOMINIUM PURCHASE AND SALE AGREEMENT
GENERAL TERMS
(continued)

- a. Purchase Price.** Buyer agrees to pay to Seller the Purchase Price, including the Earnest Money, in cash at Closing, unless otherwise specified in this Agreement. Buyer represents that Buyer has sufficient funds to close this sale in accordance with this Agreement and is not relying on any contingent source of funds or gifts, except to the extent otherwise specified in this Agreement. 1
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- b. Earnest Money.** Buyer agrees to deliver the Earnest Money within 2 days after mutual acceptance of this Agreement to Selling Licensee who will deposit any check to be held by Selling Broker, or deliver any Earnest Money to be held by Closing Agent, within 3 days of receipt or mutual acceptance, whichever occurs later. If the Earnest Money is held by Selling Broker and is over \$10,000.00 it shall be deposited into an interest bearing trust account in Selling Broker's name provided that Buyer completes an IRS Form W-9. Interest, if any, after deduction of bank charges and fees, will be paid to Buyer. Buyer agrees to reimburse Selling Broker for bank charges and fees in excess of the interest earned, if any. If the Earnest Money held by Selling Broker is over \$10,000.00 Buyer has the option to require Selling Broker to deposit the Earnest Money into the Housing Trust Fund Account, with the interest paid to the State Treasurer, if both Seller and Buyer so agree in writing. If the Buyer does not complete an IRS Form W-9 before Selling Broker must deposit the Earnest Money or the Earnest Money is \$10,000.00 or less, the Earnest Money shall be deposited into the Housing Trust Fund Account. Selling Broker may transfer the Earnest Money to Closing Agent at Closing. If all or part of the Earnest Money is to be refunded to Buyer and any such costs remain unpaid, the Selling Broker or Closing Agent may deduct and pay them therefrom. The parties instruct Closing Agent to: (1) provide written verification of receipt of the Earnest Money and notice of dishonor of any check to the parties and licensees at the addresses and/or fax numbers provided herein; and (2) commence an interpleader action in the Superior Court for the county in which the Property is located within 30 days of a party's demand for the Earnest Money (and deduct up to \$250.00 of the costs thereof) unless the parties agree otherwise in writing. 5
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- c. Included Items.** Any of the following items located in or on the Property are included in the sale: built-in appliances; wall-to-wall carpeting; curtains, drapes and all other window treatments; window and door screens; awnings; storm doors and windows; installed television antennas; ventilating, air conditioning and heating fixtures; trash compactor; fireplace doors, gas logs and gas log lighters; irrigation fixtures; electric garage door openers; water heaters; installed electrical fixtures; lighting fixtures; shrubs, plants and trees planted in the ground; and all bathroom and other fixtures. However, items identified in Specific Term No. 4 are included only if the corresponding box is checked. If any of the above Included Items are leased or encumbered, Seller agrees to acquire and clear title at or before Closing. 22
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- d. Condition of Title.** Buyer and Seller authorize Selling Licensee, Listing Agent or Closing Agent to insert, attach or correct the Legal Description of the Property. The Property includes an undivided interest in the common and limited common elements, areas and facilities described in the Condominium Declaration. Unless otherwise specified in this Agreement, title to the Property shall be marketable at Closing. The following shall not cause the title to be unmarketable: rights, reservations, covenants, conditions and restrictions, presently of record and general to the area; easements and encroachments, not materially affecting the value of or unduly interfering with Buyer's reasonable use of the Property; and reserved oil and/or mining rights. Monetary encumbrances not assumed by Buyer shall be paid by Seller on or before Closing. Title shall be conveyed by a Statutory Warranty Deed. If this Agreement is for conveyance of a buyer's interest in a Real Estate Contract, the Statutory Warranty Deed shall include a buyer's assignment of the contract sufficient to convey after acquired title. 29
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- e. Title Insurance.** Seller authorizes Buyer's lender or Closing Agent, at Seller's expense, to apply for a standard form owner's policy of title insurance, with homeowner's additional protection and inflation protection endorsements if available at no additional cost, from the Title Insurance Company. The Title Insurance Company is to send a copy of the preliminary commitment to both Listing Agent and Selling Licensee. The preliminary commitment, and the title policy to be issued, shall contain no exceptions other than the General Exclusions and Exceptions in said standard form and Special Exceptions consistent with the Condition of Title herein provided. If title cannot be made so insurable prior to the Closing Date, then as Buyer's sole and exclusive remedy, the Earnest Money shall, unless Buyer elects to waive such defects or encumbrances, be refunded to the Buyer, less any unpaid costs described in this Agreement, and this Agreement shall thereupon be terminated. Buyer shall have no right to specific performance or damages as a consequence of Seller's inability to provide insurable title. 39
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- f. Closing.** This sale shall be closed by the Closing Agent on the Closing Date. If the Closing Date falls on a Saturday, Sunday, or legal holiday as defined in RCW 1.16.050, the Closing Agent shall close the transaction on the next day that is not a Saturday, Sunday, or legal holiday. "Closing" means the date on which all documents are recorded and the sale proceeds are available to Seller. Seller shall deliver keys to Buyer on the Closing Date or on the Possession Date, whichever occurs first. 49
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- g. Possession.** Buyer shall be entitled to possession at 9:00 p.m. on the Possession Date. Seller agrees to maintain the Property in its present condition, normal wear and tear excepted, until the Buyer is entitled to possession. 54
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Initials: BUYER: _____ DATE: _____ SELLER: _____ DATE: _____ 56
BUYER: _____ DATE: _____ SELLER: _____ DATE: _____ 57

CONDOMINIUM PURCHASE AND SALE AGREEMENT
GENERAL TERMS
(continued)

- h. Closing Costs and Prorations.** Seller and Buyer shall each pay one-half of the escrow fee unless this sale is FHA or VA financed, in which case it shall be paid according to FHA or VA regulations. Taxes for the current year, rent, interest, and lienable homeowner's association dues shall be prorated as of Closing. Buyer agrees to pay Buyer's loan costs, including credit report, appraisal charge and lender's title insurance, unless provided otherwise in this Agreement. If any payments are delinquent on encumbrances which will remain after Closing, Closing Agent is instructed to pay them at Closing from money due, or to be paid by, Seller. Buyer agrees to pay for remaining fuel in the fuel tank if, prior to Closing, Seller obtains a written statement as to the quantity and current price from the supplier. Seller agrees to pay all utility charges, including unbilled charges. Unless waived in Specific Term No. 16, Seller and Buyer request the services of Closing Agent in disbursing funds necessary to satisfy unpaid utility charges in accordance with RCW 60.80 and Seller agrees to provide the names and addresses of all utilities providing service to the Property and having lien rights (attach NWMLS Form 22K Identification of Utilities or equivalent).
- i. Sale Information.** The Listing Agent or Selling Licensee is authorized to report this Agreement (including price and all terms) to the Multiple Listing Service that published it and to its members, financing institutions, appraisers, and anyone else related to this sale. Buyer and Seller expressly authorize all lenders, financial institutions, Closing Agents, appraisers, title insurance companies, and others related to this Sale, to furnish the Listing Agent and/or Selling Licensee, on request, any and all information and copies of documents concerning the status, progress and final disposition of financing, appraisal, Closing, title condition, and any other matter concerning this sale, including buyer's credit report. In addition, Buyer shall provide any additional consent or authorization necessary to permit Buyer's lender or financing institution to provide information concerning the status, progress and final disposition of financing to the Listing Agent and/or Selling Licensee.
- j. FIRPTA - Tax Withholding at Closing.** The Closing Agent is instructed to prepare a certification (NWMLS Form 22E or equivalent) that Seller is not a "foreign person" within the meaning of the Foreign Investment In Real Property Tax Act. Seller agrees to sign this certification. If Seller is a foreign person, and this transaction is not otherwise exempt from FIRPTA, Closing Agent is instructed to withhold and pay the required amount to the Internal Revenue Service.
- k. Notices.** Unless otherwise specified in this Agreement, any notice required or permitted in, or related to, this Agreement (including revocations of offers or counteroffers) must be in writing. Notices to Seller must be signed by at least one Buyer and shall be deemed given only when the notice is received by Seller, by Listing Agent or at the licensed office of Listing Agent. Notices to Buyer must be signed by at least one Seller and shall be deemed given only when the notice is received by Buyer, by Selling Licensee or at the licensed office of Selling Licensee. Receipt by Selling Licensee of a Seller Disclosure Statement, Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards, Public Offering Statement and/or Resale Certificate shall be deemed receipt by Buyer. Selling Licensee and Listing Agent have no responsibility to advise of receipt of a notice beyond either phoning the party or causing a copy of the notice to be delivered to the party's address shown on this Agreement. Buyer and Seller must keep Selling Licensee and Listing Agent advised of their whereabouts in order to receive prompt notification of receipt of a notice.
- l. Computation of Time.** Unless otherwise specified in this Agreement, any period of time stated in this Agreement shall start on the day following the event commencing the period and shall expire at 9:00 p.m. of the last calendar day of the specified period of time. Except for the Possession Date, if the last day is a Saturday, Sunday or legal holiday as defined in RCW 1.16.050, the specified period of time shall expire on the next day that is not a Saturday, Sunday or legal holiday. Any specified period of 5 days or less shall not include Saturdays, Sundays or legal holidays. Time is of the essence of this Agreement.
- m. Facsimile and E-mail Transmission.** Facsimile transmission of any signed original document, and retransmission of any signed facsimile transmission, shall be the same as delivery of an original. At the request of either party, or the Closing Agent, the parties will confirm facsimile transmitted signatures by signing an original document. E-mail transmission of any document or notice shall not be effective unless the parties to this Agreement otherwise agree in writing.
- n. Integration.** This Agreement constitutes the entire understanding between the parties and supersedes all prior or contemporaneous understandings and representations. No modification of this Agreement shall be effective unless agreed in writing and signed by Buyer and Seller.
- o. Assignment.** Buyer may not assign this Agreement, or Buyer's rights hereunder, without Seller's prior written consent, unless provided otherwise herein.
- p. Default.** In the event Buyer fails, without legal excuse, to complete the purchase of the Property, then the following provision, as identified in Specific Term No. 7, shall apply:
- i. Forfeiture of Earnest Money.** That portion of the Earnest Money that does not exceed five percent (5%) of the Purchase Price shall be forfeited to the Seller as the sole and exclusive remedy available to Seller for such failure.

Initials: BUYER: _____ DATE: _____ SELLER: _____ DATE: _____ 112
BUYER: _____ DATE: _____ SELLER: _____ DATE: _____ 113

CONDOMINIUM PURCHASE AND SALE AGREEMENT
GENERAL TERMS
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- ii. **Seller's Election of Remedies.** Seller may, at Seller's option, (a) keep the Earnest Money as liquidated damages as the sole and exclusive remedy available to Seller for such failure, (b) bring suit against Buyer for Seller's actual damages, (c) bring suit to specifically enforce this Agreement and recover any incidental damages, or (d) pursue any other rights or remedies available at law or equity. 114-116
- q. **Attorneys' Fees.** If Buyer or Seller institutes suit against the other concerning this Agreement, the prevailing party is entitled to reasonable attorneys' fees and expenses. 118-119
- r. **Offer.** Buyer agrees to purchase the Property under the terms and conditions of this Agreement. Seller shall have until 9:00 p.m. on the Offer Expiration Date to accept this offer, unless sooner withdrawn. Acceptance shall not be effective until a signed copy is actually received by Buyer, by Selling Licensee or at the licensed office of Selling Licensee. If this offer is not so accepted, it shall lapse and any Earnest Money shall be refunded to Buyer. 120-123
- s. **Counteroffer.** Seller agrees to sell the Property under the terms and conditions of this Agreement. If Seller makes a counteroffer, Buyer shall have until 9:00 p.m. on the Counteroffer Expiration Date to accept that counteroffer, unless sooner withdrawn. Acceptance shall not be effective until a signed copy is actually received by Seller, by Listing Agent or at the licensed office of Listing Agent. If the counteroffer is not so accepted, it shall lapse and any Earnest Money shall be refunded to Buyer. If no expiration date is specified for a counteroffer, the counteroffer shall expire at 9:00 p.m. 2 days after the counteroffer is signed by the last party making the counteroffer, unless sooner withdrawn. 124-130
- t. **Agency Disclosure.** Selling Broker represents the same party that Selling Licensee represents. Listing Broker represents the same party that the Listing Agent represents. If Selling Licensee and Listing Agent are different salespersons affiliated with the same Broker, then both Buyer and Seller confirm their consent to that Broker representing both parties as a dual agent. If Selling Licensee and Listing Agent are the same salesperson representing both parties then both Buyer and Seller confirm their consent to that salesperson and his/her Broker representing both parties as dual agents. All parties acknowledge receipt of the pamphlet entitled "The Law of Real Estate Agency." 131-136
- u. **Commission.** Seller and Buyer agree to pay a commission in accordance with any listing or commission agreement to which they are a party. The Listing Broker's commission shall be apportioned between Listing Broker and Selling Broker as specified in the listing. Seller and Buyer hereby consent to Listing Broker or Selling Broker receiving compensation from more than one party. Seller and Buyer hereby assign to Listing Broker and Selling Broker, as applicable, a portion of their funds in escrow equal to such commission(s) and irrevocably instruct the Closing Agent to disburse the commission(s) directly to the Broker(s). In any action by Listing or Selling Broker to enforce this paragraph, the prevailing party is entitled to court costs and reasonable attorneys' fees. 137-143
- v. **Public Offering Statement.** This paragraph only applies if a Public Offering Statement is required by RCW 64.34. If Buyer has not received a Public Offering Statement (including the Declaration, Survey Map and Plans, Association Articles of Incorporation, Association Bylaws, Association Rules and Regulations, Association Budget and Association Balance Sheet) Seller agrees to deliver a Public Offering Statement to Buyer by the date specified in Specific Term No. 18. Buyer shall be conclusively deemed to have approved the Public Offering Statement unless, within 7 days following receipt, Buyer gives notice of disapproval of the same. If Buyer disapproves the Public Offering Statement, this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. 144-150
- w. **Resale Certificate.** This paragraph only applies if a Public Offering Statement is NOT required by RCW 64.34. If Buyer has not received a Resale Certificate, Seller agrees to deliver a Resale Certificate to Buyer by the date specified in Specific Term No. 19. Buyer shall be conclusively deemed to have approved the Resale Certificate unless, within 5 days following receipt, Buyer gives notice of disapproval of the same. If Buyer disapproves the Resale Certificate, this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. 151-155
- x. **Condominium Assessment.** The current Condominium Assessment is the amount specified in Specific Term No. 20, but is subject to change from time to time. In addition to Buyer's prorated portion of the Closing month's condominium assessment, a Deposit equal the amount specified in Specific Term No. 20 is required at Closing. 156-158
- y. **Cancellation Rights/Lead-Based Paint.** If a residential dwelling was built on the Property prior to 1978, and Buyer receives a Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (NWMLS Form 22J) after mutual acceptance, Buyer may rescind this Agreement at any time up to 3 days thereafter 159-161
- z. **Property Condition Disclaimer.** Real estate brokers and salespersons do not guarantee the value, quality or condition of the Property. Some properties may contain building materials, including siding, roofing, ceiling, insulation, electrical, and plumbing materials, that have been the subject of lawsuits and/or governmental inquiry because of possible defects or health hazards. In addition, some properties may have other defects arising after construction, such as drainage, leakage, pest, rot and mold problems. Real estate licensees do not have the expertise to identify or assess defective products, materials, or conditions. Buyer is urged to retain inspectors qualified to identify the presence of defective materials and evaluate the condition of the Property. 162-168

Initials: BUYER: _____ DATE: _____ SELLER: _____ DATE: _____ 169
BUYER: _____ DATE: _____ SELLER: _____ DATE: _____ 170

ADDENDUM/AMENDMENT TO PURCHASE AND SALE AGREEMENT

The following is part of the Purchase and Sale Agreement dated _____ 1
between _____ ("Buyer") 2
and Fifth Avenue Development LLC ("Seller") 3
concerning 505 5th Avenue # ("the Property") 4

IT IS AGREED BETWEEN THE SELLER AND BUYER AS FOLLOWS: 5

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ALL OTHER TERMS AND CONDITIONS of said Agreement remain unchanged. 41

AGENT (COMPANY) _____ 42

BY: _____ 43

Initials: BUYER: _____ DATE: _____ SELLER: _____ DATE: _____ 44
BUYER: _____ DATE: _____ SELLER: _____ DATE: _____ 45

**FINANCING ADDENDUM
PURCHASE & SALE AGREEMENT**

The following is part of the Purchase and Sale Agreement dated _____ 1
between _____ ("Buyer") 2
and Fifth Avenue Development LLC ("Seller") 3
concerning 505 5th Avenue ("the Property") 4

1. **DOWN PAYMENT/LOAN APPLICATION.** This Agreement is contingent on Buyer obtaining a Conventional VA FHA purchase loan. Buyer agrees to pay _____ down, and to make written application and pay the application fee, if required, for the subject Property within _____ days (5 days if not filled in) after mutual acceptance of this Agreement, or if this Agreement is conditioned on the sale of Buyer's property, within _____ days (5 days if not filled in) after Buyer satisfies or waives that contingency ("Satisfaction and Waiver"), for a loan to pay the balance of the purchase price. If Buyer fails to make application for financing within the agreed time, then the financing contingency contained herein shall be deemed waived. 5-11
2. **FINANCING TIMELINES/LETTER OF LOAN COMMITMENT.** Unless Buyer has given notice waiving this financing contingency, no later than _____ days (30 days if not filled in) after (a) mutual acceptance of the Agreement or (b) Satisfaction and Waiver, if selected above, Buyer shall provide to Seller a letter of loan commitment from Buyer's lender which states the date of loan application, the current status of Buyer's loan application, and any conditions that remain for loan approval. A letter from the lender generated or dated at or prior to mutual acceptance shall not constitute a letter of loan commitment which complies with this paragraph. NWMLS Form 22AR may be used to provide notice of waiver or to transmit the letter of loan commitment. 12-18
3. **REVIEW OF LETTER OF LOAN COMMITMENT/TERMINATION.** Within 3 days after the earlier of Seller's receipt of the letter of loan commitment or the date it was due, Seller may give notice of Seller's election to terminate this Agreement. If, within 3 days after Seller's notice, Buyer does not waive this financing contingency by notice, this Agreement shall terminate. NWMLS Form 22AR may be used for the parties' notices. 19-22
4. **UPDATED LETTERS OF LOAN COMMITMENT.** If Seller does not elect to terminate this Agreement as authorized in paragraph 3, Seller may request updated letters of loan commitment every 5 days after the date the previous letter of loan commitment was due. Buyer shall provide any updated letter of loan commitment within 3 days of such notice and Seller shall have the review and termination rights set forth in paragraph 3. 23-26
5. **EARNEST MONEY.** If Buyer has not waived this financing contingency, and is unable to obtain financing after a good faith effort then, on Buyer's notice, this Agreement shall terminate and the Earnest Money shall be refunded to Buyer after Buyer delivers to Seller written confirmation from Buyer's lender confirming the date Buyer's loan application for the subject property was made, that Buyer possessed sufficient funds to close and the reasons Buyer's application was denied. If Seller terminates this Agreement, the Earnest Money shall be refunded without need for such confirmation from Buyer's lender. 27-32
6. **INSPECTION.** Seller agrees to permit inspections required by Buyer's lender, including but not limited to structural pest, heating, plumbing, roof, electrical, septic, and well inspections. Seller is not obligated to pay for such inspections except as otherwise agreed. 33-35
7. **APPRAISAL LESS THAN SALE PRICE.** If Buyer's lender's appraisal of the value of the Property is less than the Purchase Price, Buyer may, within 3 days after receipt of a copy of lender's appraisal, give notice of Buyer's election to terminate this Agreement unless Seller, within 10 days after receipt of such notice, delivers to Buyer either:
 - (a) (i) If this Agreement is contingent on FHA financing, a reappraisal by the same appraiser, at Seller's expense, in an amount not less than the Purchase Price or (ii) if this Agreement is contingent on non-FHA financing, reappraisal, at Seller's expense, by the same appraiser or another appraiser acceptable to the lending institution in an amount not less than the Purchase Price; or
 - (b) Written consent to reduce the selling price to an amount not more than the amount specified in the appraisal or reappraisal, whichever is higher. (Not applicable if this Agreement is conditioned on FHA financing. FHA does not permit the Buyer to be obligated to buy if the Seller reduces the Purchase Price to the appraisal value. The Buyer, however, has the option to buy at the reduced price.) 36-47

If such reappraisal or consent to reduction of Purchase Price is not so delivered, this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. To permit the parties the foregoing times for notices, the Closing Date shall be extended accordingly. 48-50

Initials: BUYER: _____ DATE: _____ SELLER: _____ DATE: _____ 51
BUYER: _____ DATE: _____ SELLER: _____ DATE: _____ 52

**FINANCING ADDENDUM
PURCHASE & SALE AGREEMENT**
(continued)

8. SPECIAL LOAN COST PROVISIONS.

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FHA LOAN COSTS. If this sale is contingent on Buyer obtaining an FHA loan, Seller agrees to pay _____ (\$300.00 if not filled in), which shall be applied to that portion of Buyer's loan and settlement costs that the Lender is prohibited from collecting from the Buyer under FHA regulations. Any balance remaining shall be payable to Buyer's loan discount at the interest rate selected by Buyer or to other settlement costs as allowed by FHA regulations.

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VA LOAN COSTS. If this sale is contingent on Buyer obtaining a VA loan, Seller agrees to pay the full escrow fee for the entire transaction. In addition Seller agrees to pay _____ (\$300.00 if not filled in), which shall be applied to that portion of Buyer's loan and settlement costs that the Lender is prohibited from collecting from the Buyer under VA regulations. Any balance remaining shall be payable to Buyer's loan discount, loan fee, interest buy down and/or financing and closing costs to the extent permitted by VA regulations and Buyer's loan amount is not thereby reduced.

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CONVENTIONAL LOAN COSTS. Seller agrees to pay up to _____ (\$0.00 if not filled in), which shall be applied to Buyer's loan and settlement costs, prepaids, loan discount, loan fee, interest buy down or financing and closing costs.

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9. FHA/VA - APPRAISAL CERTIFICATE. If this Agreement is contingent on Buyer obtaining FHA or VA financing, it is expressly agreed that notwithstanding any other provisions of this Agreement, Buyer shall not be obligated to complete the purchase of the Property unless Buyer has been given in accordance with HUD/FHA or VA requirements a written statement by FHA, VA, or a Direct Endorsement lender, setting forth the appraised value of the Property (excluding closing costs). Buyer shall pay the costs of any appraisal. If the appraised value of the Property is less than the Purchase Price, paragraph 5 above shall apply. If Seller does not reduce the Purchase Price to the appraised or reappraised value, or deliver a reappraisal at or exceeding the sale price, the Buyer shall have the privilege and option of proceeding with the consummation of this Agreement without regard to the appraised value, provided the difference in excess of the appraised value is paid in cash.

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PURPOSE OF APPRAISAL. The appraised valuation is arrived at only to determine the maximum mortgage FHA or VA will insure. Neither FHA nor VA warrant the value or the condition of the Property. Buyer should satisfy himself/herself that the price and condition of the Property are acceptable.

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"Importance of Home Inspections" NOTICE FOR FHA LOANS. FHA requires the Buyer to sign a FHA "Importance of Home Inspections" Notice (NWMLS Form 22F, Rev. date 1/97 or later) on or before the date Buyer executes any purchase and sale agreement. This requirement does not apply to new construction.

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10. NOTICE TO BUYER CONCERNING INSURANCE. The availability and cost of homeowners or property insurance on the Property depends on a number of factors, including your personal insurance, financial and credit history, materials and conditions present in or on the Property, and the claims history for the Property. Some insurance companies base part of their underwriting decision on loss history reports that show the history of insurance claims or property losses concerning the Property or made by you concerning other properties. At the time you apply for homeowners insurance, most insurance companies will only issue a binder to you. A binder is not an insurance policy and it is not a promise that a policy will issue. It is only a temporary commitment to provide insurance coverage, and insurance companies have additional time after issuing the binder to make a final decision about insurability and the amount of the insurance premium. Therefore, it is important for you to submit an insurance application as early as possible.

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INSURANCE CONTINGENCY/APPLICATION. This Agreement is is not (is, if not checked) conditioned upon Buyer obtaining a binder for a standard policy of homeowners or property insurance on the Property at an annual premium not to exceed 1/2 of 1% of the purchase price Buyer is paying for the Property with a deductible not to exceed \$1000, exclusive of all additional declarations and riders (e.g., art, jewelry, earthquake, etc.). Buyer agrees to make application for insurance within _____ days (5 days, if not filled in) after mutual acceptance of this Agreement. If Buyer fails to make application within the agreed time, then this insurance contingency shall be deemed waived. This insurance contingency shall be deemed satisfied, unless within _____ days (15 days, if not filled in) after mutual acceptance of this Agreement Buyer gives notice of inability to obtain a binder on the terms set forth above. If Buyer is unable to obtain a binder after making a good faith effort and timely gives notice of such inability, then this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. This contingency is not waived by a waiver of the financing contingency provided for above. Notices given pursuant to this paragraph may be given on NWMLS Form 90T.

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Initials: BUYER: _____ DATE: _____ SELLER: _____ DATE: _____
BUYER: _____ DATE: _____ SELLER: _____ DATE: _____

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Snohomish County Smoke Detector Certification Addendum

The following is part of the Purchase and Sale Agreement/Lease Agreement or Rental Agreement dated _____,
between _____ ("Buyer" or "Lessee")
and Fifth Avenue Development LLC ("Seller" or "Lessor")
concerning: 505 5th Avenue (the "Property").

NOTE: Snohomish County Ordinance requires the following certification to be provided by the Seller/Lessor of "Single Family Residences" or "Licensed Care" occupancies as defined by the Uniform Building Code prior to closing or entering into a rental or lease agreement for a residence. Neither Listing Agent nor Selling Licensee can warrant Seller/Lessor's certification. The Ordinance provides as follows:

Transfer of Residence. 1007.2.9.3.6

Effective January 27th, 1997, it shall be unlawful for any person to convey fee title, rent or lease any real property, which includes a residence, or transfer possession of any residence pursuant to a land sale contract unless there is a properly operating smoke detector in the residence which has been installed in accordance with this section. Prior to the closing of sale or entering into a rental or lease agreement of a residence, it shall be the duty of the owner to certify to the buyer, renter or lessee, in writing, that all smoke detectors required by this section are installed and are in proper working order.

Installation Required. 1007.2.9.3.2.

- (1) The smoke detector shall be installed in a manner and location consistent with the manufacturer's instructions. The installation shall include not less than one smoke detector adjacent to the sleeping area which is in operable condition and provides an audible warning that can be heard in all rooms, including the sleeping area(s), and not less than one smoke detector on each level of the dwelling, including the basement but excluding any crawl space or unfinished attic. Where multiple sleeping areas exist and are widely separated (i.e. on different levels or opposite ends of the residence) or where a single smoke detector will not adequately service all sleeping areas, there shall be additional smoke detectors installed adjacent to each sleeping area.
- (2) Hard-wired smoke detectors shall be installed in all residences built or manufactured after December 31, 1980. In new construction, required smoke detectors shall receive their primary power from the building wiring when such wiring is served from a commercial source and shall be equipped with a battery backup. The detector shall emit a signal when the batteries are low. Wiring shall be permanent and without a disconnecting switch other than those required for overcurrent protection. Battery-operated smoke detectors may be utilized in existing residences which were constructed prior to December 31, 1980.
- (3) No permit for alterations, repairs or additions to an existing residence shall be issued unless the owner certifies that a properly operating smoke detector has been installed in the residence in accordance with this section.

Testing and Maintenance. 1007.2.9.3.4.

Installation of smoke detection devices shall be the responsibility of the owner. Maintenance of smoke detection devices, including the replacement of batteries where required for the proper operation of the smoke detection device, shall be the responsibility of the tenant or occupant. It shall be the responsibility of the tenant or occupant to maintain the device as specified by the manufacturer and test the performance of the smoke detector(s) as recommended by the manufacturer at intervals of not less than once a month. If the detector is battery operated, new batteries shall be installed whenever the unit emits a low battery signal or at a minimum of once each year whether or not a low battery signal is present.

Removal or Tampering. 1007.2.9.3.5.

It shall be unlawful for any person to remove a properly functioning smoke detector installed in conformance with this section unless it is for the purpose of repair or replacement of the unit. It shall be unlawful for any person to remove batteries, other than for replacement, or in any other way make inoperable or interfere with the effectiveness of a smoke detector installed in conformance with this section.

SELLER/OWNER'S CERTIFICATION:

I certify that smoke detector(s) have been installed in the above referenced Property as required by section 16.04.250 of the Snohomish County Code and that the detector(s) are in proper working order.

Seller or Lessor Date

Seller or Lessor Date

THE GREGORY
A CONDOMINIUM
LIMITED WARRANTY ADDENDUM

Addendum No. _____ to Purchase and Sale Agreement dated _____

Unit No. _____
The Gregory, a condominium
505 5th Avenue S.
Edmonds, Washington

Name of Purchaser(s):

The Seller and the Purchaser agree that the Seller's and the Declarant's warranties to the Purchaser and to the Purchaser's successors and transferees, for the Unit and all Common Elements in the Condominium identified above, are limited to the terms stated in this Limited Warranty Addendum (this "Warranty"). This Warranty is provided to Purchaser in place of the implied warranties of quality under the Washington Condominium Act, RCW 64.34.445, and shall be binding upon the parties to the extent that it does not reduce the protections provided to Purchaser provided by such section. The definitions of terms set forth in the Condominium Declaration apply in this Warranty. As used in this Warranty, the term "Common Elements" includes both the Common Elements and the Limited Common Elements of the Condominium.

1. Limited Warranty. The Unit in the Condominium identified above and the Common Elements are suitable for the ordinary uses of real estate of their type and, except as provided below, all parts of the Unit and the Common Elements constructed by or for the Declarant are free from defective materials and have been constructed in accordance with applicable law, in accordance with sound engineering and construction standards, and in a workmanlike manner; provided, however, there shall be no claim under this Warranty unless Purchaser or the Association establishes that the alleged breach has adversely affected or will adversely affect the performance of the portion of the Unit or Common Elements alleged to be in breach.

2. Modifications and Exclusions.

a. Sound Transmission. The Purchaser realizes that the Unit is in a multi-family building in an urban environment; therefore, the Seller makes no warranty or representation as to vertical or horizontal sound transmission that may arise from activities or building systems in any Unit, the interior and exterior Common Elements or outside the Condominium. The Purchaser realizes that where condominium units are built above, below, or side by side each other or a common element, it is normal to experience some transmission of sounds between those units from loud music, voices on decks and terraces, heels on uncarpeted floors, water traveling in drains, doors closing and other causes. From time to time, noise from various building systems may be heard from the Unit, including, but not limited to, noise from overhead garage doors, exhaust fans in utility areas, mechanical equipment on the roof or in other areas, elevator, fluorescent lighting and the transformer vault.

b. View. Seller makes no representation or warranty that the view from the Unit, as of the date this Agreement is signed or as of closing, will not be obstructed or changed in whole or in part at any time in the future. Purchaser agrees that Seller is not obligated to

investigate or disclose real estate developments in the area that are possible, planned, permitted or under construction, nor is Seller obligated to protect views. This means that even though Seller may know of, or may itself be developing, possible, planned, permitted or under-construction developments that could affect views, Purchaser is not relying on Seller to disclose such developments, and Purchaser is releasing Seller from any duty Seller may otherwise have to disclose any such developments. Real estate agents and sales people are generally not experts on future real estate developments, and therefore Purchaser agrees that Purchaser has not relied and will not rely on statements from real estate agents or sales people about future developments or their impact or lack of impact on views.

c. Appliances and Equipment. The Seller makes no warranties or representations with respect to the appliances and equipment installed in the Unit or the Common Elements, including without limitation the stove, refrigerator, microwave oven, dishwasher, garbage disposal, washer and dryer, water heater, fireplace, garage doors and heating/ventilation equipment. The Seller makes no warranties or representations with respect to equipment provided to Association for use in operation or maintenance of the Common Elements. With respect to all such appliances and equipment, the Seller's sole obligation is to assign to Purchaser all warranties and guarantees furnished to the Seller from the suppliers or manufacturers of the items.

d. Damage Caused by Purchaser and Others. This Warranty excludes all defects and damage to the extent caused or made worse by (i) negligence, failure to inspect, lack of maintenance, improper maintenance, improper operation or other action by anyone other than the Seller or its agents or contractors; (ii) failure of the Purchaser or the Association to minimize or prevent damage in a timely manner, including failure to allow timely access or inspections and repairs by Seller or its agents; (iii) failure of the Purchaser or the Association to comply with the warranty requirements of manufacturers or suppliers of appliances, fixtures or equipment; (iv) failure of the Purchaser or the Association or their agents, employees, contractors or consultants to follow maintenance recommendations given by the Seller or its agent to the Purchaser or the Association or commonly accepted maintenance obligations; (v) ordinary wear and tear, misuse, abuse or neglect; (vi) use for other than its intended purpose; (vii) abnormal loading (including waterbeds) on floors, decks or other surfaces by the Purchaser that exceeds design loads that meet building codes; (viii) making or installation of holes, penetrations, windows or skylights in the Unit or Common Elements by anyone other than the Seller or its employees, agents or contractors; (ix) failure of the Purchaser or the Association to mitigate damages; or (x) alterations to the Unit or Common Elements by anyone other than the Seller or its employees, agents or contractors.

e. Personal Injury and Consequential Damages. This Warranty excludes bodily injury, illness and death; damage to or theft of personal property; costs of shelter, transportation, food, moving, storage or other incidental expenses relating to relocation during repairs; and consequential, exemplary and punitive damages.

f. Defined Standards and Tolerances. This standards and tolerances for determining whether a breach of this warranty has occurred are specified in Attachment A to this Warranty ("Defined Standards and Tolerances"); provided, however, notwithstanding a failure to meet the Defined Standards and Tolerances, there shall be no claim under this Warranty unless the failure has adversely affected or will adversely affect the performance of a portion of the Unit or Common Elements.

g. Warranty at Time of Purchase. This Warranty applies only to the construction and condition of the Unit and Common Elements at the time of Seller's sale of the Unit to the Purchaser. This Warranty does not extend to future performance or duration of any improvement or component of the Condominium, and the Seller makes no such warranty.

h. Other Limitations and Exclusions. This Warranty excludes any loss or damage (i) due to normal wear and tear or normal deterioration; (ii) caused by accidents, riot, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, acts of God, war, terrorism, lightning, windstorm, hail, flood, mud slide, earthquake, volcanic eruption or changes in underground water table not reasonably foreseeable; (iii) caused by soil movement; (iv) caused by insects; (v) caused to or by any items supplied by the Purchaser or which are not part of the Unit at the time of closing; (vi) relating to cooking odors or other odors from other Units or elsewhere; or (vii) consisting of or relating to temporary ponding or pooling of water on roofs, decks, walkways, driveways or other parts of the Condominium, provided such ponding or pooling does not cause damage to the Unit or Common Elements.

3. Apparent Unit Defects. The Purchaser has had or will have at the time of possession the opportunity to make a detailed walk-through inspection of the Unit with a representative of the Seller ("Initial Inspection") and to notify the Seller in writing of any defects in appearance or color of, or damage to, the surfaces and fixtures in the Unit ("Apparent Unit Defects"). The Seller shall with reasonable promptness correct any Apparent Unit Defects which exist (in accordance with Attachment A hereto, "Defined Standards and Tolerances") and of which the Purchaser notifies the Seller in writing at the time of the Initial Inspection. The Purchaser waives all claims for any Apparent Unit Defects of which the Seller is not notified in writing at the time of the Initial Inspection, and this Warranty shall not extend to any Apparent Unit Defects of which the Seller is not notified in writing at the time of the Initial Inspection. "Apparent Unit Defects" include but are not limited to defects, inconsistencies, non-conformity and pre-existing damage in and to: paint, wall coverings, ceilings, hardwood and other floor materials, carpets, tiling or ceramic surfaces, electrical and heating/cooling/ventilation fixtures, bathroom fixtures and hardware, door and window hardware, cabinets, countertops and other surfaces in the Units.

4. Apparent Common Element Defects. The Purchaser and Seller agree that the Seller is entitled to receive timely notice of any construction defects in the Common Elements in order to verify that such defects have not been caused by subsequent damage and in order to allow the Seller the opportunity to correct such defects. Therefore, within sixty days after the termination of the period of declarant control provided in RCW 64.34.308(4), the Association shall notify the Seller in writing of any defects in the Common Elements which are visible or of which the Association has knowledge ("Apparent Common Element Defects"). The Seller shall with reasonable promptness correct any Apparent Common Element Defects which exist (in accordance with Attachment A hereto, "Defined Standards and Tolerances") and of which the Association timely notifies the Seller in writing. The Purchaser and the Association waive all claims for any Apparent Common Element Defects of which the Seller is not timely notified in writing, and this Warranty shall exclude any Apparent Common Element Defects of which the Seller is not timely notified in writing. "Apparent Common Element Defects" include but are not limited to visible or apparent defects, inconsistencies, non-conformity and pre-existing damage in and to: decks, walkways, siding, exterior surfaces, roofs, gutters and drainage pipes, landscaping, retaining walls, foundations,

garages, paved surfaces, paint, wall coverings, ceilings, hardwood and other floor materials, carpets, tiling or ceramic surfaces, electrical, plumbing and heating/cooling/ventilation fixtures, and door and window hardware.

5. Claims Procedure. Each claim under this Warranty which is made by the Purchaser with respect to the Unit, or by the Association with respect to a Common Element, shall first be made in writing, entitled "Notice of Claim," and shall contain a detailed description of the claimed defect. Each claim shall be mailed, postage paid, to:

Fifth Avenue Development LLC
51 W. Dayton Street, Suite 304
Edmonds, Washington 98020

or to such other address or addresses as the Seller shall provide to the Purchaser. The Purchaser shall provide the Seller access and entry to the Unit and Common Elements during normal business hours to inspect and/or repair the claimed defect within 48 hours after any written or spoken request by Seller for such access, or immediately if reasonably necessary to prevent further damage. The Seller shall respond in writing to such claim no later than 30 days after the Seller's receipt of the claim. The Seller shall have the right to cure the defective construction described in the claim to conform with this Warranty within 90 days after responding to the claim or within such longer period as may reasonably be required. The Seller may at its option repair or replace, or pay the reasonable cost of repairing or replacing, such defective construction. The Seller shall not be responsible for exact color, paint matching, texture or finish matches nor for unavailability of materials or components matching materials or equipment originally used. If either party is dissatisfied with the resolution of the claim following the Seller's written response and effort to cure the defective condition, then the parties shall meet within 14 days in an effort to resolve the claim to the parties' mutual satisfaction. All work done by Seller or its contractors on items not covered by this Warranty shall be at Purchaser's sole cost unless otherwise agreed in writing. Purchaser shall pay all costs incurred by Seller in inspecting items not covered by this Warranty based upon prevailing rates for Seller's employees or contractors.

6. Legal Action; Time Limitation. Any legal action asserting a claim under this Warranty or any other claimed warranty relating to the Unit or Common Elements must be commenced within four years after the cause of action accrues. A cause of action accrues, regardless of the Purchaser's lack of knowledge of the breach: (a) as to the Unit, the date Purchaser is first entitled to possession of the Unit; and (b) as to each Common Element, at the latest of (i) the date the first Unit in the Condominium was conveyed to a bona fide purchaser, (ii) the date the Common Element was completed, or (iii) the date the Common Element was added to the Condominium.

7. Seller's Right to Inspect. The Seller shall be entitled (but shall not be obligated) to inspect any Common Elements at any time without notice to the Purchaser or the Association. The Seller shall be entitled (but shall not be obligated) to inspect the Unit at any time until four years after Purchaser takes possession of the Unit, or at any time if there is a pending action relating to the condition of any part of the Condominium, upon at least five days' written notice to the Purchaser or such shorter time as may be provided by court order.

8. Defects Encountered in Construction Process; Further Disclaimer and Modification of Warranty. The Purchaser acknowledges that defects and construction problems may occur during the construction process and be corrected by the builder and subcontractors during the course of or after the construction process, and the Purchaser agrees that if defects or construction problems have occurred during the construction process, this is not of itself a matter requiring disclosure to the Purchaser. In the event the Seller encounters a problem that it does not intend to correct or issue it wishes to disclose to the Purchaser, it reserves the right to disclaim that problem or issue and modify this Warranty accordingly; in which event, the Purchaser may (a) rescind the purchase and sale agreement, (b) accept a change to the purchase price, if that is offered by the Seller, or (c) close the purchase of the Unit on the terms of the Warranty, as modified.

9. Subsequent Purchasers. If the Purchaser sells the Unit at any time within four years after closing of the sale of the Unit from Seller to Purchaser, or Purchaser's taking possession of the Unit, whichever is later, Purchaser shall notify Seller of the sale in writing and shall include in the signed purchase and sale agreement providing for such sale a provision that the person(s) purchasing the Unit agree that any warranty rights of such person(s) relating to the Unit or Common Elements are limited to the Purchaser's rights under this Warranty at the time of such sale. If Purchaser fails to comply with this Paragraph, Purchaser shall indemnify, defend and hold harmless Seller from and against all damages, costs, attorney fees and expenses caused by such failure.

10. No Other Warranties. The Seller and the Purchaser agree that there are no express or implied warranties concerning the design, construction or condition of the Unit or Common Elements arising from Seller's sale of the Unit to the Purchaser, other than those stated in this Warranty.

11. Survival and Savings. This Warranty shall survive the conveyance of title, delivery of possession of the Unit, or other final settlement between the Seller and the Purchaser, and shall be binding upon the Seller and the Purchaser notwithstanding any provision to the contrary contained in the contract of purchase or other writing executed by the Purchaser or Seller. If any part of this Warranty is held invalid or unenforceable, such invalidity or unenforceability shall not affect the remainder hereof.

Seller and Purchaser have executed this Warranty Addendum as of this ____ day of _____, _____.

SELLER:
FIFTH AVENUE DEVELOPMENT LLC, a
a Washington limited liability company

PURCHASER

By: _____
Its _____

ATTACHMENT A TO WARRANTY ADDENDUM

DEFINED STANDARDS AND TOLERANCES

Any construction problem or condition listed below as "Covered" which exists in the Unit or Common Elements will be deemed to be within the coverage of the Warranty, subject to all modifications, exclusions and limitations of the Warranty, provided that the Purchaser and the Association have performed proper maintenance of the affected improvements, and provided that the Purchaser and Association have complied with all applicable provisions of the Warranty, including all notice provisions. The Seller shall not be responsible for exact color or texture of finishes or finish matches where materials are replaced or repaired or in areas repainted, or where original materials are unavailable. These Defined Standards and Tolerances shall apply at the Initial Inspection and during the term of the Warranty. Construction problems or conditions that either (a) are of the same kind, but not of the same extent or due to the same causes, as those listed as "Covered" or (b) are listed as "Not Covered" will not be deemed to violate the Warranty, and will be deemed to be constructed in accordance with sound engineering and construction standards and in a workmanlike manner.

1. Masonry and Concrete

(a) Covered:

- (i) Concrete foundation wall cracks greater than 1/4 inch in width.
- (ii) Cracks in blocks, bricks, and mortar joints greater than 3/8 inch in width.
- (iii) Cracks in concrete garage floors greater than 1/4 inch in width or 1/4 inch in vertical displacement.
- (iv) Concrete slab cracks which cause finished floor coverings to rupture.

(b) Not Covered:

- (i) Efflorescence, unless caused by major leakage.
- (ii) Masonry cleaning and resealing required as ordinary maintenance.
- (iii) Concrete cleaning and sealing
- (iv) Striping of parking spaces
- (v) Uneven pavers due to settlement over time.

2. Grading and Drainage

(a) Covered:

- (i) Excessive ground settlement (greater than 6 inches) around foundation, utility trenches, or other filled areas (settled areas filled only once).
- (ii) Improper grades and swales which both cause standing water for more than 24 hours (or 48 hours in swales) and affect the drainage in the immediate area surrounding the entrance areas and walkways.

(b) Not Covered:

- (i) Any condition not described above.

3. Foundation Waterproofing

(a) Covered:

- (i) Actual flow and accumulation of a material amount of water in garage areas.

- (ii) Crawl space ventilation not within applicable building code.
- (b) Not Covered:
 - (i) Seepage of water or wetness in garage areas.
 - (ii) Water infiltration (and any resulting damage) caused by improper use or maintenance procedures, such as pressure washing or excessive overspray.
 - (iii) Seepage of water between levels of parking garage due to small cracks in concrete walls or floors.
 - (iv) Mold in storage areas.

4. Carpentry

- (a) Covered:
 - (i) Walls and framing for doors and windows that bulge or bow in excess of 1/4 inch in 32 inches or are out of plumb in excess of 3/4 inch in 8 vertical feet.
 - (ii) Large areas of subfloor that are loose.
- (b) Not Covered:
 - (i) Movement, creaks and squeaks in framing members and fasteners caused by expansion, contraction and normal settlement.
 - (ii) Vibration or deflection of floors, provided construction is within applicable building code.
 - (iii) Expansion, contraction and shrinkage due to improper heating, cooling or ventilation.

5. Roofing

- (a) Covered:
 - (i) Roof leaking and flashing leaks due to improper installation or materials, when not caused by snow and ice buildup.
 - (ii) Leaks in gutters and downspouts not caused by debris.
 - (iii) Water stays in gutter (in excess of one inch) not caused by debris or excessive rainfall.
 - (iv) Roof ventilation not meeting applicable building code.
 - (v) Inadequate insulation that does not meet applicable building code.
 - (vi) Leakage through louvers and vents, including ridge vents.
- (b) Not Covered:
 - (i) Leakage caused or made worse by buildup of snow, ice or debris.
 - (ii) Water infiltration through vents, drains, vent caps, mechanical equipment, fixtures or attached components, caused by snow, ice, debris, high winds or driving rain.
 - (iii) Ponding of water, if not in excess of manufacturer's installation and material specifications.
 - (iv) Location of mechanical or other equipment on roof.

6. Siding and Caulking

- (a) Covered:
 - (i) Separation of exterior trim joints in excess of 1/4 inch.
 - (ii) Exterior joint separation of siding, delamination of veneer siding or loose siding, if due to improper installation or materials.

- (iii) Cracking of brick veneer in excess of 1/4 inch.
- (b) Not Covered:
 - (i) Cracks in caulking and shrinkage of caulking due to weather or normal wear.
 - (ii) Damage or change in color due to atmospheric conditions or accumulation of dirt or other contaminants.
 - (iii) Color variation due to repair or replacement.

7. Decks and Terraces

- (a) Covered:
 - (i) Damage due to improper flashing or sealing.
 - (ii) Loose railings or posts if due to defective materials or improper installation not meeting manufacturer's specifications.
- (b) Not Covered:
 - (i) Damage due to lack of regular maintenance.
 - (ii) Imperfections in deck coating, texture or color, including variations due to repair or replacement.
 - (iii) Cracks from expansion and contraction of wood or other floor materials.
 - (iv) Vibration or deflection, provided construction is within applicable building code.
 - (v) Water buildup caused by debris in drains or lack of maintenance.
 - (vi) Damage or change in color due to atmospheric conditions or accumulation of dirt or other contaminants.
 - (vii) Damage caused by improper loading or storage.
 - (viii) Location of equipment or other items on decks or terraces.

8. Chimney and Fireplace

- (a) Covered:
 - (i) Not enough draw due to improper installation.
 - (ii) Gas leakage due to improper installation.
 - (iii) Water intrusion through fireplace vents due to improper installation.
- (b) Not Covered:
 - (i) Cleaning, and performance problems due to lack of cleaning.
 - (ii) Wind flow or water intrusion through chimney or flue due to unusually high winds or driving rain.
 - (iii) Malfunctions due to weather conditions or loss of electrical power.
 - (iv) Interior or exterior soot caused by fireplace use.

9. Windows and Doors

- (a) Covered:
 - (i) Warpage of doors in excess of 1/4 inch in 32 inches or are out of plumb in excess of 3/4 inch in 8 vertical feet caused by faulty materials or installation.
 - (ii) Door panel splits caused by faulty materials or installation.
 - (iii) Windows do not operate with reasonable pressure applied.
 - (iv) Drafts around windows and doors due to defective weatherstripping or improper fit.

- (v) Faulty glass or window seals.
- (b) Not Covered:
 - (i) Warpage of doors caused by owner heating, cooling or ventilation practices, unusually high heat, or temperature or humidity fluctuations.
 - (ii) Binding or sticking due to expansion and contraction.
 - (iii) Discoloration around vents.
 - (iv) Damage or water intrusion resulting from windows or doors left open.
 - (v) Light, noise or odor infiltration, provided construction is within applicable building code.
 - (vi) Derailed bi-fold, pocket or bi-pass doors or panels.
 - (vii) Gaps around doors for ventilation purposes.
 - (viii) Damage caused by failure to maintain vents and weeps, including resultant damage.
 - (ix) Adjustments to door or window hinges and hardware that are considered maintenance items.

10. Glass and Mirrors

- (a) Covered:
 - (i) Scratches or flaws in windows, glass and mirrors, if noted on Initial Inspection list.
- (b) Not Covered:
 - (i) Scratches or flaws in windows, glass and mirrors not noted on Initial Inspection list.

11. Interior Walls and Trim

- (a) Covered:
 - (i) Faulty installation of trim (separation greater than 1/4 inch).
 - (ii) Walls or ceiling cracks greater than 1/8 inch in width. Fixed one time only.
- (b) Not Covered:
 - (i) Differences in wood or stone grain or color.
 - (ii) Color differences in ceramic or concrete finishes.
 - (iii) Cracks in tile grout.
 - (iv) Surface irregularities in woodwork.
 - (v) Cracking of materials or surfaces caused by building movement or settlement.
 - (vi) Cracks at wall/ceiling joint due to building movement or settlement.
 - (vii) Nail pops.

12. Interior and Exterior Paint

- (a) Covered:
 - (i) Peeling paint on railings due to improper installation or defective materials.
- (b) Not Covered:
 - (i) Imperfections not noted on Initial Inspection list; e.g. unless otherwise noted, paint accepted "as is."

- (ii) Color variations, fading or staining due to aging or atmospheric conditions.
- (iii) Color variations due to repair or replacement.

13. Flooring and Covering

- (a) Covered:
 - (i) Floor covering that becomes loose or bubbles within six months after Initial Inspection, if due to improper installation.
 - (ii) Gaps in carpet seams in excess of 1/8 inch if due to improper installation and reported within six months after Initial Inspection.
- (b) Not Covered:
 - (i) Cracks or separation from expansion and contraction of wood or other floor materials.
 - (ii) Fading of floors and floor materials, including wood.
 - (iii) Color variations in ceramic, stone, wood or other flooring materials.
 - (iv) Noises caused by expansion and contraction of wood or other floor materials.
 - (v) Scratches or damage to flooring not noted during the Initial Inspection.
 - (vi) Location of carpet seams or slightly raised carpet seams.
 - (vii) Damage caused by improper heating, cooling or ventilation practices.
 - (viii) Sealing of tile, stone, grout or other surfaces. (Purchaser is responsible for sealing.)

14. Cabinets and Countertops

- (a) Covered:
 - (i) Delamination of kitchen countertops if caused by defective materials or installation.
 - (ii) Cabinet doors and drawers warpage in excess of 3/8 inch caused by faulty materials or installation.
 - (iii) Cabinet separates from wall or ceiling in excess of 1/4 inch.
- (b) Not Covered:
 - (i) Differences in wood grain or color.
 - (ii) Differences in grain or color of wood, ceramic, stone, granite or other material in cabinets or countertops.
 - (iii) Scratches, flaws or damage to cabinets or countertops, unless noted on Initial Inspection list.
 - (iv) Cracking of grout.
 - (v) Cracking of materials or surfaces caused by building movement or settlement.
 - (vi) Warpage of cabinet doors caused by owner heating or cooling practices, unusually high heat, or temperature or humidity fluctuations.
 - (vii) Delamination or separation due to excessive moisture.
 - (viii) Sealing of tile, stone, grout or other surfaces. (Purchaser is responsible for sealing.)

15. Cooling, Heating and Ventilation

- (a) Covered:
 - (i) Insufficient cooling, heating or ventilation due to manufacturing defect or malfunction.
- (b) Not Covered:
 - (i) Noise due to normal expansion and contraction and air flow.
 - (ii) Clogged condensation lines.
 - (iii) Damage or failure due to lack of maintenance or failure to operate heating, cooling or ventilation elements as recommended.
 - (iv) Addition of heating, cooling or ventilation systems to any area not provided with such systems as part of initial building construction, unless required by applicable building code.
 - (v) Damage to any item or materials stored in unheated areas.

16. Plumbing, Sprinkler System and Irrigation

- (a) Covered:
 - (i) Pipes freeze and burst if caused by defective workmanship or materials.
 - (ii) Plumbing malfunctions as result of defective workmanship or materials.
 - (iii) Pipes that make loud, hammering noises.
- (b) Not Covered:
 - (i) Noise due to normal expansion and contraction and water flow.
 - (ii) Cosmetic damage to fixtures.
 - (iii) Cracking of materials, surfaces or tub, shower or basin units caused by building movement or settlement.
 - (iv) "Sudsing" or backflow in sinks and other plumbing fixtures, provided plumbing is within applicable code.
 - (v) Staining and performance problems due to water quality.
 - (vi) Unsatisfactory water pressure, provided construction is within applicable building code.
 - (vii) Damage to or blockage of sprinkler or plumbing systems caused by improper use or storage of materials in close proximity.

17. Electrical and Telephone

- (a) Covered:
 - (i) Outlets, switches, or fixtures fail due to faulty installation or materials.
- (b) Not Covered:
 - (i) Cosmetic damage to fixtures.
 - (ii) Noise due to normal operation of electrical or electrical/mechanical equipment.
 - (iii) Electrical fluctuations, provided construction is within applicable building code.
 - (iv) Damage caused by faulty appliances.
 - (v) Electrical and radio noise and interference from inside or outside the building, provided construction is within applicable building code.
 - (vi) Location or placement of equipment, provided it meets code.

18. Security System

(a) Covered:

(i) Performance not meeting manufacturer's standards.

(b) Not Covered:

(i) Replacement of security entry devices.

(ii) Limitations in the security system that are inherent in the original design specifications or manufacturer's products.

19. Landscaping, Courtyard and Water Features

(a) Covered:

(i) Newly planted trees and shrubs that die during first growing season unless caused by failure to maintain properly.

(b) Not Covered:

(i) Damage to or loss of preexisting trees and plants.

(ii) Damage to water features caused by improper maintenance or operation.

(iii) Damage caused by freezing temperatures or severe weather.

(iv) Location or placement of trees, shrubs, irrigation systems or other landscape elements.

(v) Settlement of soil or mulch in landscaped beds or planters.

20. Cosmetic Items

(a) Covered:

(i) Items identified as Apparent Unit Defects during Initial Inspection.

(b) Not Covered:

(i) Chips, scratches, or marks on tile, woodwork, walls, floors, ceilings, porcelain, brick, mirrors, plumbing fixtures, countertops, lighting fixtures, appliances, cabinets, and the like which are not identified as Apparent Unit Defects during Initial Inspection.

(ii) Irregularities in painting or staining.

(iii) Checking or cracking of wood due to drying-out process.

(iv) Upkeep of any cosmetic element.

**THE GREGORY, A CONDOMINIUM
SELLER'S ADDENDUM TO
CONDOMINIUM PURCHASE AND SALE AGREEMENT**

(Use with NWMLA Form 28, Rev. 6/92 or later)

(Replaces NWMLA Form 29)

THIS ADDENDUM between _____
("Buyer") and Fifth Avenue Development LLC, a Washington limited liability company ("Seller"), is an addendum to a Condominium Real Estate Purchase and Sale Agreement dated _____ between Buyer and Seller (the "Purchase and Sale Agreement") relating to Unit _____ (the "Unit") in The Gregory, a condominium, per Condominium Declaration recorded by Seller under King County Recording No. _____ (the "Declaration") [escrow agent is authorized to insert recording number if left blank or if Declaration not yet recorded] on the property described in Exhibit A attached hereto.

1. COMPLETION OF CONSTRUCTION. Seller estimates, but does not represent or guarantee, that the Unit will be substantially completed and ready for occupancy by the Closing Date (as defined below). Seller will be marketing Units in the Condominium before completion of construction. Accordingly, the closing of the sale of this Unit shall be subject to substantial completion of construction of the Unit by the Termination Date specified in paragraph 2 hereof. If the Unit has not been completed and if any other contingencies to the Agreement have not been satisfied or waived by the Termination Date or if Seller is unable to convey the Unit in accordance with the terms of the Agreement, Buyer (as Buyer's sole remedy) or Seller may rescind the Agreement by delivering to the other party, by registered or certified mail, written notice of revocation. Upon receipt of a notice of revocation, Buyer's earnest money deposit shall be returned to Buyer immediately and the parties shall have no further rights or liabilities under the Agreement.

2. CLOSING DATE. Assuming all contingencies to the Agreement have been satisfied or waived, this transaction shall close within ten days after substantial completion of, and issuance of a certificate of occupancy for, the Unit (the "Closing Date"), provided that in all events the Closing Date shall occur on or before _____, _____, unless extended by Seller up to 60 days by written notice to Buyer (the "Termination Date"). If Buyer defaults and fails to close on the Closing Date, Seller shall have those remedies provided in the Agreement.

3. PARKING/STORAGE. Parking and storage locations and assignments shall be determined by Seller. Any changes are subject to Seller's written approval. Any reference to the location or size of any parking space or storage area in any addendum or other document (including the Survey Map and Plans) is approximate and not intended to be an exact depiction thereof. Buyer is responsible for verifying that Buyer's vehicle or vehicles are able to enter the parking area and assigned parking space or spaces. Buyer shall have the exclusive right to use, as Limited Common Elements, the following parking space(s) and/or storage area(s), as shown on the Survey Map and Plans for the Condominium:

Parking Space(s) _____ [Buyer(s) initial(s): _____/_____]
Storage Area _____ [Buyer(s) initial(s): _____/_____]

4. PREQUALIFICATION OF BUYER; FINANCING CONTINGENCY. If the Purchase and Sale Agreement is subject to Buyer's securing financing for the purchase of the Unit, Buyer shall, within three business days after mutual acceptance of the Purchase and Sale Agreement, contact Cyndee Bassi of Wells Fargo Home Mortgage (the "Lender") to ascertain whether Buyer will likely qualify for financing. Her telephone number is (425) 468-8655. If Lender determines that Buyer is unlikely to

qualify for financing, either Buyer or Seller may elect to terminate the Purchase and Sale Agreement by written notice to the other party. Upon such termination, Buyer's earnest money deposit shall be returned and this Agreement shall be null and void. If Lender determines that Buyer is likely to qualify for financing, Buyer shall proceed to secure such financing and, unless Seller receives written notice within 30 days after mutual acceptance of the Purchase and Sale Agreement that Buyer will not be able to secure such financing, the financing contingency shall be deemed to be waived.

Buyer(s) initial(s): _____ / _____

5. FINANCING. This offer is is not contingent on first mortgage financing being made available to the Purchaser. If this offer is contingent on first mortgage financing, then the following terms and conditions shall apply:

(a) Funds to Close. Buyer shall close this sale by paying an amount as required by the lender for down payment and obtaining a conventional loan for the balance of the purchase price. The loan shall be obtained at Buyer's sole expense and be secured by a deed of trust on the Unit.

(b) Waiver of Financing. Unless Buyer has given Seller written notice that Buyer is unable to obtain loan approval, this financing contingency shall be automatically waived on or before 14 days from mutual acceptance, unless otherwise extended in writing by mutual agreement. In the event the Buyer notifies Seller that Buyer is unable to obtain financing prior to satisfaction or waiver of financing contingency, the earnest money deposit shall be refunded to Buyer.

(c) Loan Approval Maintenance. Upon approval of the loan, the Buyer shall be responsible for maintaining the loan approval, together with attendant cost, in full force and effect until construction of the Unit is completed. Buyer shall not be entitled to terminate this Agreement in the event the lender increases the interest and/or loan fee from the rates and/or fees prevailing at the time loan application is made.

(d) Contributions. Seller shall not bear or pay any discount incident to financing unless otherwise specified in the Purchase and Sale Agreement.

(e) Loan Information Authorization. Buyer authorizes all lenders, closing agents, appraisers, title insurance companies, and others related to this sale, to furnish Seller and agents of Buyer and Seller on request, any and all information and/or copies of documents (including Buyer's credit report) concerning the status, progress, and final disposition of financing including any and all loan conditions), appraisal, closing, title conditions, and any other matter concerning this sale or the loan.

Buyer(s) initial(s): _____ / _____

6. BUYER'S ACCESS PRIOR TO CLOSING. Prior to closing, Seller or Seller's agent must accompany Buyer whenever Buyer inspects or visits the Unit or the interior of the building in which the Unit is located. Buyer's visits prior to completion of construction of the Condominium shall also be only as permitted under applicable City of Edmonds ordinances. Only employees and contractors of Seller, acting pursuant to written instructions of Seller, are authorized to work on the Unit prior to closing.

7. CONSTRUCTION; MODEL UNIT; ARTIST'S RENDERING. The floor plan of the Unit and specifications for appliances and finishes in the Unit are attached to this Addendum. Seller shall construct the Unit substantially in accordance with such floor plan and specifications; provided that Seller reserves the right to make changes to the plans and specifications for appliances and finishes to

accommodate Seller's changes made during the design and construction process or to substitute materials or other items so long as the Unit as constructed does not substantially differ from that described in the attached floor plan and the appliances and finishes do not differ from the those specified in terms of their overall function and appearance. Minor deviations and variations involving fixtures, appliances, finishes and decorative or finish work shall not be considered as substantial differences or deviations. Seller does not represent or warrant to Buyer that any materials, fixtures, equipment, appliances, finishes, design or other aspects of any model unit viewed by Buyer are identical to the construction of the Unit, and Buyer may only rely on items actually in the Unit. Furthermore, Buyer acknowledges that any artist's renderings or models of the Condominium on any promotional materials for the Condominium are artists' impression of architectural elevation drawings and should not be considered as an accurate representation of the Condominium.

8. NOISE; VIEWS. Buyer acknowledges that Seller makes no representation or warranty as to any sounds audible within the Unit which may arise from activities in any other unit, any common element of the Condominium, or anywhere outside the Condominium. Buyer further acknowledges that Seller makes no representation or warranty that the view from the Unit, as of the date the Agreement is signed or as of closing, will not be obstructed or changed in whole or in any part at any time in the future. Buyer acknowledges that Seller undertakes no obligation to investigate or disclose real estate developments in the area that are possible, planned, permitted or under construction, nor does Seller undertake any duty to protect views. This means that even though Seller may know of developments that could affect views, Buyer acknowledges that Buyer is not relying on Seller to disclose such developments, and Buyer acknowledges that Buyer is releasing Seller from any duty Seller might otherwise have to disclose such developments known to Seller. Buyer acknowledges that Buyer is purchasing a Unit in an area that may experience considerable and rapid development, and such developments could affect views. Buyer acknowledges that Seller does not undertake any duty to investigate or disclose any developments that may involve Seller or any company affiliated with Seller and including any development that is now known to Seller or becomes known to Seller after the Agreement is signed. If Buyer desires to investigate the potential for future development in the area, information is available from the City of Edmond's Planning Department and from other sources.

9. BUYER'S WALK-THROUGH INSPECTION AND LIMITATION OF WARRANTIES. Upon three days' notice from Seller's Customer Service Representative that the Unit is ready for inspection, Buyer will inspect the Unit with a designated agent of Seller and accepts the Unit as constructed subject only to any deficiencies from agreed upon Defined Standards and Tolerances attached to the Limited Warranty and any deficiencies disclosed by Seller prior to closing that Seller does not intend to correct. In the event any deficiency is disclosed to Buyer which was not disclosed at the time of this Purchase and Sale Agreement, Buyer shall have three days after the disclosure (but no later than the date of closing) to rescind the Purchase and Sale Agreement, agree to a reduction in purchase price for the Unit, if offered by Seller, or accept the Unit with the deficiency. If the Purchase and Sale Agreement is subject to a third party inspection, Buyer agrees to have that inspection conducted in a timely manner so that closing is not delayed. Buyer agrees to close this sale if the Unit is substantially completed even though mutually agreed upon defects, "punch-list" items and similar work remain to be corrected and completed by Seller after closing. Buyer acknowledges and agrees that the Limited Warranty made a part of the Agreement is provided in place of the implied warranties of quality under the Washington Condominium Act, RCW 64.34.445, and shall be binding upon the parties to the extent that it does not reduce the protections provided to Purchaser provided by such section. Buyer further agrees:

(a) that the intent and purpose of the Limited Warranty is to provide the Buyer and Seller, prior to the consummation of a transaction, with a clear and predictable understanding of their rights, duties and obligations;

(b) that the provisions of the Limited Warranty, and the rights, duties and obligations of the Seller and Buyer thereunder, is given by the Seller and accepted by the Buyer: (i) in lieu of and to the exclusion of all other express or implied warranties (including without limitation any implied warranty of habitability, merchantability or fitness for a particular use); and (ii) in lieu of and to the exclusion of all other legal or equitable rights, remedies or causes of action;

(c) that the Limited Warranty is not intended to be in addition to the implied warranties of quality provided by RCW 64.34.445(2), but rather that such implied warranties are to be interpreted and enforced in accordance with the provisions of the Limited Warranty;

(d) that in the event of any variance (including without limitation variances due to definition of defects, exclusions, performance standards, deductibles, remedies or measure of damages) between the provisions of the Limited Warranty and an asserted interpretation of the implied warranties provided by RCW 64.34.445(2), that the provisions of the Limited Warranty shall control to the maximum extent permitted by law;

(e) that Buyer's acknowledgment and agreement is a direct and material inducement to Seller's agreement to sell the Unit for the agreed price, and has been relied upon by Seller (and Seller's contractor, subcontractors, vendors, suppliers and other professionals); and

(f) that Buyer's acknowledgment and agreement shall be binding upon Buyer in Buyer's capacity as a Unit Owner and an Association Officer and Board member, and be binding with respect to both the Unit and the Common Elements.

Buyer(s) initial(s): _____ / _____

10. NOTICE REGARDING COMMENCEMENT OF LAWSUIT. CHAPTER 64.50 RCW CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT FOR DEFECTIVE CONSTRUCTION AGAINST THE SELLER OR BUILDER OF YOUR HOME. FORTY-FIVE DAYS BEFORE YOU FILE YOUR LAWSUIT, YOU MUST DELIVER TO THE SELLER OR BUILDER A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE AND PROVIDE YOUR SELLER OR BUILDER THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE BUILDER OR SELLER. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW, AND FAILURE TO FOLLOW THEM MAY AFFECT YOUR ABILITY TO FILE A LAWSUIT.

11. SELLER'S EXISTING MORTGAGE. Buyer is advised that there is an underlying mortgage loan on the Condominium. Buyer understands that all of the terms and provisions of the Agreement are and shall be subordinated to the lien of any such existing mortgage, but if this transaction is consummated, Seller shall cause the mortgage to be partially released upon closing to the extent of Buyer's interest purchased. Buyer is advised that Seller's mortgagee may have a presale requirement.

12. TITLE INSURANCE AND ESCROW. Title insurance shall be ordered through Chicago Title Insurance Company, Lynnwood office, 4100 194th Street SW, Suite 100, Lynnwood, Washington 98036, attention Sue Moody at (425) 775-8200, who shall also act as escrow agent for the closing. Seller reserves the right to change the title company and the escrow agent at any time before closing upon notice to Buyer. Buyer shall pay one-half of the normal schedule escrow fee. Seller may be entitled to a builder's discount on its portion of the escrow fee.

13. CONDITION OF TITLE. Matters disclosed in the Public Offering Statement shall not cause title to the Unit to be unmarketable.

14. OCCUPANCY REPRESENTATION. Buyer hereby represents that the Unit will be Buyer's primary residence second home investment property (check one) upon closing of the purchase thereof. Buyer agrees to make the same representation to any lending institution to which application is made for a loan to purchase the Unit.

15. UNIT AREA. The Unit areas shown in the recorded Declaration will be based on a surveyor's "as built" determination of the boundaries of the Units, measured from the interior face of the perimeter stud walls of the Unit. The "as built" areas may be different from the areas shown on plans, specifications, listing agreements, or advertising brochures for the Condominium.

16. INSULATION. Federal law may require disclosure of the following information:

| Insulation | Type | Thickness | R-Value |
|----------------|-----------------|-----------|--------------------------------------|
| Exterior Walls | Fiberglass batt | 4"-6" | 15 |
| Top Floor/Roof | Rigid foam | 6" | 30 |
| Between Floors | Fiberglass batt | 4"-6" | 19/heated below 30/unheated below |
| Between Units | Fiberglass batt | 4"-6" | 15 |
| Corridor Walls | Fiberglass batt | 4"-6" | 15 |

17. DECLARATION AND BYLAWS. Seller may make amendments to the Declaration, Articles, Bylaws, Survey Map and Plans, Association Budget, assessments and Public Offering Statement, prepared by or for Seller as Seller may deem desirable (or as may reasonably be required by lenders, investors, or title insurance companies to meet reasonable requirements for title insurance and mortgagee protection); but if before this sale is closed, amendments are made substantially changing the Unit's square footage, voting percentage, or liability for common expenses, without first obtaining the written approval of Buyer, Buyer shall be entitled to rescind the Purchase and Sale Agreement. Buyer's failure to disapprove in writing any of the documents referred to in this paragraph (or amendments thereto) within seven days of receipt of such documents (or amendments) shall be deemed Buyer's approval thereof.

18. TREES AND VEGETATION. Trees and vegetation, if any, at the Condominium may not survive and may need to be replaced at the expense of the owners association for the condominium.

19. CONTINUED CONSTRUCTION. Buyer acknowledges that at the time of taking possession of the Unit and for an indefinite period thereafter, construction in the building in which the Unit is located (and other improvements and common and limited common elements) might not be completed and that renovation or construction work might be continuing.

20. ASSESSMENTS. At closing, Buyer shall make a nonrefundable contribution to the Association for the Condominium equal to two months' assessments which will be treated as an initial contribution to the working capital of the Association; provided that if Seller has previously paid such contribution with respect to the Unit, the escrow agent shall pay Buyer's contribution to Seller. In

addition, if the Association has commenced collection of assessments, the Buyer shall also pay a prorata amount of the current month's assessment for the Unit. Until assessments are commenced by the Association, Seller shall pay all actual expenses of the Association. Buyer acknowledges that the initial level of assessments is an estimate, which may be changed prior to and after closing.

21. CONDOMINIUM UNIT OWNER'S INSURANCE. Buyer acknowledges that the Declaration for the Condominium **requires** the Owner of a Unit in the Condominium to maintain a policy of standard condominium unit owners insurance. At closing, Buyer shall deliver to the Association a certificate of standard condominium unit owners insurance or other proof satisfactory to Seller that such insurance has been obtained by Buyer.

Buyer initials: _____/_____

22. REAL ESTATE TAXES. Real estate taxes shall be prorated between Seller and Buyer as of the date of closing. If real estate taxes have not been segregated among the Units by the time of closing, the proration shall be based on the Unit's Interest in Common Elements and the total unsegregated taxes for the Condominium. If during the year in which closing occurs, the real estate taxes due for that year are increased after closing because of completion of construction, any tax increase shall also be prorated as of the date of closing, provided that no adjustment shall be made unless the amount of the adjustment would exceed \$50.

23. MANAGEMENT BY SELLER. Seller, as Declarant, may retain for the period stated in the Declaration the full effective management authority of the owners association for the Condominium.

24. COMPLETE AGREEMENT; REPRESENTATIONS. There are no other express or implied agreements, promises or representations except as set forth herein or in the Public Offering Statement or in another document signed by Buyer and Seller. Buyer and all agents acknowledge that no agent has the authority to make, or has made, any agreement, promise, or representation on behalf of Seller and that Buyer may not rely on any representations or agreements that are not contained in this Agreement, including flyers, brochures, renderings, advertisements or listing information.

25. ASSIGNMENT. Buyer may not assign Buyer's rights under the Purchase and Sale Agreement without the prior written consent of Seller.

26. RISK OF LOSS. All risks of loss shall be upon the Seller until closing or earlier occupancy by Buyer.

27. ADDENDUM CONTROLS. The provisions of this Addendum shall control over any conflicting provisions of the Purchase and Sale Agreement or any other written document.

SELLER:
FIFTH AVENUE DEVELOPMENT LLC,
a Washington limited liability company

BUYER:

By _____
Its _____

EXHIBIT A

SELLER'S ADDENDUM TO
CONDOMINIUM PURCHASE AND SALE AGREEMENT

Legal Description for The Gregory

LOTS 1, 2, 3, AND 4, BLOCK 124, CITY OF EDMONDS, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 2 OF PLATS, PAGE 39, RECORDS OF SNOHOMISH COUNTY, WASHINGTON.

THAT PORTION OF SECTION 25, TOWNSHIP 27 NORTH, RANGE 3 EAST, W.M., IN SNOHOMISH COUNTY, WASHINGTON, BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST QUARTER CORNER OF SAID SECTION; THENCE EAST 220 FEET; THENCE SOUTH 99 FEET; THENCE WEST 220 FEET; THENCE NORTH 99 FEET TO THE POINT OF BEGINNING; EXCEPT THE EAST 73 FEET THEREOF; ALSO EXCEPT THE WEST 30 FEET FOR ROAD.

TOGETHER WITH THE EAST 61 FEET OF THE WEST 208 FEET OF THE NORTH 99 FEET OF THE NW¼, NW¼, SEC. 25, T-27-N, R-3-E, W.M., SNOHOMISH COUNTY, WASHINGTON.