



City of White Salmon Office of City Hall

March 8, 2022

Main Street White Salmon, LLC
Attn: Nancy White, Member
40 Rocky Road
Trout Lake, WA 98650

Re: Letter of Interest ("LOI"): Lot 2 of SP 2009-10 (Ptn)

Dear Ms. White:

The City of White Salmon, or its assigns/designees ("**Purchaser**"), is pleased to express its interest in purchasing the Property (as defined below), from Main Street White Salmon, LLC, a Washington limited liability company (the "**Seller**"), upon the general business terms and conditions set forth below.

1. **The Property.** The Property shall consist of proposed Lots 22-31 as depicted on the Preliminary Plat Map attached hereto and incorporated herein as Exhibit A, consisting of approximately 0.665 of the 4.33 acres being known as Lot 2 of SP 2009-10 recorded under auditor file number 1093016 in Klickitat County, Washington, subject to Final Plat and Site Plan Approval as set forth in Title 17, Residential Planned Unit Development (R-PUD) of the White Salmon Municipal Code (WSMC), and all rights, development approvals, permits and/ or reimbursables relating thereto (the "**Property**").
2. **Purchase Price.** Purchaser will pay to Seller the sum of \$380,000 (the "**Purchase Price**") for the Property based upon \$38,000 per lot or with the final Purchase Price to be based upon Final Plat and Site Plan Approval that shall determine the total number of developable lots. The Purchaser also will pay the construction cost of the sewer line for Seller's adjacent R-PUD. The estimated value of the sewer line construction is \$70,000 and shall not exceed \$84,000. The Purchaser also agrees to provide the Seller 21 residential water service connections at an estimated value of \$105,000. Purchaser shall pay for all costs incurred by the City in processing the R-PUD application including legal, engineering and planning costs. The final Purchase

Page 1 of 10

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Price shall be paid in cash at close of escrow on the Property. That part of the Purchase Price payable at the close of escrow, less applicable deposits and customary prorations, will be payable by certified check or wire transfer of funds through AmeriTitle Title Insurance Company, White Salmon, Washington (the "**Escrow Agent**"), at the Closing (as defined below). Seller will be required to deliver and convey the Property by statutory warranty deed free and clear of all existing debt, liens and encumbrances, except for permitted encumbrances as approved by Purchaser in its sole and absolute discretion during the Due Diligence Period (as defined below).

3. Purchase and Sale Agreement. Upon Seller's execution and delivery of this LOI to Purchaser, and contingent upon approval of this LOI by the City of White Salmon, Purchaser will instruct its attorneys to prepare a draft of a definitive purchase and sale agreement (the "**Purchase and Sale Agreement**") consistent with the terms of this LOI and the timeline attached hereto as Exhibit "B," contingent upon review and authorization by the City Council of the City of White Salmon. The parties contemplate that the Purchase and Sale Agreement will be finalized, executed and delivered within a twenty-one (21) day period. The Purchase and Sale Agreement will contain customary representations and warranties of Seller. Purchaser will have the right to record a Memorandum of Agreement concurrently with or after the release of any deposits to Seller. If Seller desires to utilize a 1031 tax deferred exchange, Purchaser will reasonably cooperate and participate in such exchange. The Memorandum of Agreement shall include a term that it will expire without action from either party after one hundred eighty (180) days after the Purchase and Sale Agreement is fully signed, unless terminated earlier or extended by both parties in writing before that date.
4. Earnest Money Deposit. Within five (5) business days after the execution of the Purchase and Sale Agreement by both Purchaser and Seller, Purchaser will deposit with Escrow Agent the sum of Five Thousand Eight-Hundred and 00/100's Dollars (\$5,800) as an initial earnest money deposit (the "**Earnest Money Deposit**"). The Earnest Money Deposit will be fully refundable to Purchaser in the event Purchaser terminates within the Due Diligence Period (defined below), but if Purchaser has not terminated, it shall become non-refundable to Purchaser (except if Seller defaults) upon expiration of the Due Diligence Period and Purchaser shall instruct the Escrow



City of White Salmon Office of City Hall

Agent to release the Earnest Money Deposit to Seller within three (3) business days after expiration of the Due Diligence Period. The Earnest Money Deposit shall be fully applicable to the Purchase Price due to Seller at Closing.

5. **Due Diligence Period.** Purchaser will begin its due diligence review of the Property upon execution of this LOI by both parties and will have until April 1, 2022 to conclude its due diligence investigations of the Property (the "**Due Diligence Period**"). During the Due Diligence Period, Purchaser (including its consultants, engineers and other designees) will have a reasonable right of entry to the Property in order to conduct all tests Purchaser may deem necessary to determine the suitability of the Property; provided, however, such inspections will not unreasonably disturb the use of the Property by Seller and Purchaser shall be responsible for repairing any damage caused by Purchaser's inspections. Seller will cooperate fully in providing Purchaser with any information reasonably necessary for Purchaser's investigation and evaluation of the Property to the extent such information is reasonably available to Seller. The transaction will be contingent upon Purchaser's satisfactory review (and receipt from the Seller within ten (10) business days following the execution of this LOI, excepting therefrom item (f) below) of the following during the Due Diligence Period:
- a) All books, records, and operating statements for the Property that reasonably relate to Purchaser's due diligence inspections and review, including, without limitations, matters affecting valuation, environmental and development concerns, for the past three (3) years;
 - b) A current preliminary title commitment proposing to insure Purchaser, on terms satisfactory to Purchaser, for the Property together with legible copies of all documents referred to in the exceptions to the commitment. Such title commitment shall be ordered from the Escrow Agent;
 - c) Any current surveys of the Property in Seller's possession or reasonably available to Seller;
 - d) All current contracts related to the Property, if any, and any proposed contracts being negotiated, if any;
 - e) All engineering reports, soils reports, plans, environmental reports and market studies for the Property in Seller's possession or reasonably available to Seller;

Page 3 of 10

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- f) The results of any inspection studies for the Property that Purchaser may have commissioned, including any Phase I environmental study and soils studies;
 - g) All zoning and entitlements and any system development charge credits and other development rights for the Property previously obtained by or granted to Seller; and
 - h) Any other matters reasonably deemed necessary or appropriate by Purchaser.
6. Entitlements. The purchase of the Property is subject to the condition that Purchaser obtain all entitlements necessary to proceed with Purchaser's contemplated development of the Property. This includes, without limitation, contracting with an affordable housing partner to construct the project for Low-Income Housing, including subjecting the Property to a Low-Income Housing Covenant Agreement substantially in the form attached as Exhibit "C". The sale of the Property is also subject to the condition that Seller obtains all entitlements necessary to proceed with Seller's contemplated development of Seller's adjacent R-PUD, and Final Plat and Site Plan Approval for the Property as contemplated herein, including, without limitation, a 20% density bonus for the designated low-income housing lots, acceptance by the City of proposed green space, stormwater pond and related infrastructure as public improvements to be maintained by the City as reflected on the Preliminary Plat, and conditions of approval incorporating design standards acceptable to Seller, within Seller's sole discretion. The entitlements described above are referred to as the "**Entitlements**" in this LOI. The parties will be deemed to have obtained all Entitlements when all submittals have been made, all hearings have been conducted, all final approvals (including City Council approvals) have been given or issued and all applicable periods of appeal have expired. Purchaser's ability to obtain the Entitlements is a key inducement to Purchaser's willingness and desire to purchase the Property and Purchaser's inability to obtain all of the Entitlements for any reason may be cause for Purchaser to terminate its interest in this LOI and in any subsequent Purchase and Sale Agreement. However, Purchaser may, in its sole discretion, waive the condition of obtaining the Entitlements or any aspect thereof. Seller's ability to obtain its Entitlements is also a key inducement to Seller's willingness and desire to sell the Property and Seller's inability to obtain its

Page 4 of 10

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Entitlements for any reason may be cause for Seller to terminate its interest in this LOI and in any subsequent Purchase and Sale Agreement.

7. Closing. The Closing will occur within twenty (20) days after the expiration of the Due Diligence Period (the "**Closing**") unless extended as provided for herein. Purchaser and Seller shall each have the right to extend the Closing for two successive thirty (30) day periods in order to confirm Purchaser's ability to purchase the Property and obtain the Entitlements.

Each party will bear its own legal expenses in connection with the proposed transaction. Seller will provide Purchaser with an ALTA extended coverage title insurance policy issued through the Escrow Agent. Seller will pay the premium attributable to a standard coverage owner's policy and Purchaser will pay the difference for the extended coverage and the cost of any survey required for the ALTA extended coverage. Escrow fees will be shared equally between Seller and Purchaser. Seller will pay the State of Washington excise tax on the sale and any other transfer taxes or fees. Current real property taxes will be prorated. If the Property is subject to deferred taxes for farm use, forest use, open space land (including any open space taxes assessed by Klickitat County), wildlife overlay or other qualified use classification, Seller will pay any such deferred taxes at Closing. Other Closing expenses will be charged or apportioned according to local custom.

8. Commissions. Purchaser and Seller acknowledge and represent to each other that Mike Rockwell has been acting as a broker or advisor respecting the sale of the Property. Seller will indemnify, defend, and hold Purchaser harmless from any claims by any broker, advisor or any other third parties for brokerage or advisory fees or commissions of any kind arising out of actions or alleged actions or commitments made by Seller that form the basis of any such claims.
9. Purchaser's Contingencies to Closing. Purchaser's obligation to purchase the Property will also be subject to the following: (i) Seller shall have performed all covenants and obligations, all conditions shall be satisfied, and all representations and warranties shall be true and correct as of the Closing; (ii) the status of title shall be as required in the Purchase and Sale Agreement; (iii) Purchaser shall have verified,



City of White Salmon Office of City Hall

and Seller shall have confirmed, that no material or adverse developments have occurred with respect to the Property since the execution of the Purchase and Sale Agreement; and (iv) Purchaser shall have obtained all necessary financing and internal approvals for the purchase of the Property. Each of the foregoing approvals or verifications will be in the Purchaser's sole and absolute discretion and may be waived by Purchaser in its sole and absolute discretion.

Seller's Contingencies to Closing. Seller's obligation to sell the Property will also be subject to the following: (i) Purchaser shall have performed all covenants and obligations, all conditions shall be satisfied, and all representations and warranties shall be true and correct as of the Closing; (ii) Seller shall have obtained all necessary Entitlements necessary to proceed with Seller's contemplated development of Seller's adjacent R-PUD, and Final Plat and Site Plan Approval for the Property as contemplated herein; (iii) Purchaser shall have provided adequate assurance that the affordable housing partner overseeing its project will accept the proposed residential covenants and restrictions set forth in Exhibit "D;" (iv) Purchaser agrees to provide planning support through the R-PUD process; and (v) Purchaser agrees to address any tree issues in keeping with WSMC, and as covered in the R-PUD tool under 17.75.040.B.5.

10. Exclusive Negotiations/Governing Law. Upon signing this LOI, Seller and its affiliates, if any, agree to negotiate in good faith exclusively with Purchaser for the purchase and sale of the Property and to refrain from discussions or negotiations with other investors or purchasers regarding the sale of the Property or from otherwise marketing the Property until the expiration of the time period set forth in Paragraph 3; provided, however, Purchaser shall have the right to extend the time period set forth in Paragraph 3 by fifteen (15) days upon written notice to Seller. Seller agrees that the provisions of this Paragraph 11 shall be fully binding on it and its affiliates, if any, that it has received adequate and sufficient consideration for its agreements set forth in this Paragraph 11, and that such consideration, among other things, consists of the expenses incurred by Purchaser in evaluating, negotiating for, and drafting the Purchase and Sale Agreement for the Property. Purchaser and Seller agree that this LOI shall be governed by the laws of the state of Washington.
11. Non-Binding Letter. Except for this Paragraph 12 and Paragraph 11 of this LOI, all of which shall be binding on the parties, this is a letter of interest only and shall be non-binding on the parties, and nothing in this LOI should be construed as a

Page 6 of 10

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binding purchase offer or other obligation on Purchaser's part or create any rights in favor of Purchaser or Seller or any third party. Except during the twenty-one (21) day period set forth in Paragraph 3 (as the same may be extended by Purchaser pursuant to Paragraph 11), during which time the parties have agreed to negotiate exclusively with one another to finalize the Purchase and Sale Agreement, either party may terminate negotiations at any time, for any reason by delivering written notice to the other party hereto. The efforts of Purchaser to consummate the proposed transaction shall not be construed as Purchaser's agreement to complete the proposed transaction nor shall any such efforts bind the Purchaser in any manner. This LOI does not address all matters upon which agreement must be reached in order for the proposed transaction to be consummated. Purchaser shall have no obligation to purchase the Property or, except as aforesaid, any other obligation with respect to the matters set forth in this LOI until such time as Purchaser and Seller have entered into the Purchase and Sale Agreement with terms acceptable to both the Seller and Purchaser in their respective, sole and absolute discretion.

12. Expiration Date. This LOI shall expire if not countersigned by Seller by 5:00 pm PST on March 10, 2022.

If this LOI correctly reflects your understanding of the parties' mutual expressions of interest, please so indicate by signing both originals of this LOI where indicated below, retain one original for your files and return one executed original to our attention. If you have any questions, please do not hesitate to call me at 509-774-7491. We look forward to working with you on this exciting opportunity.

Sincerely,

CITY OF WHITE SALMON, a Washington Municipal Corporation

By: 
Marla Keethler
Mayor

Page 7 of 10

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**City of White Salmon
Office of City Hall**

ACCEPTED AND AGREED TO THIS 9 DAY OF March, 2022.

SELLER:

Main Street White Salmon, LLC

Nancy White

By: Nancy White, Member

EXHIBIT "A"

(Property Map)

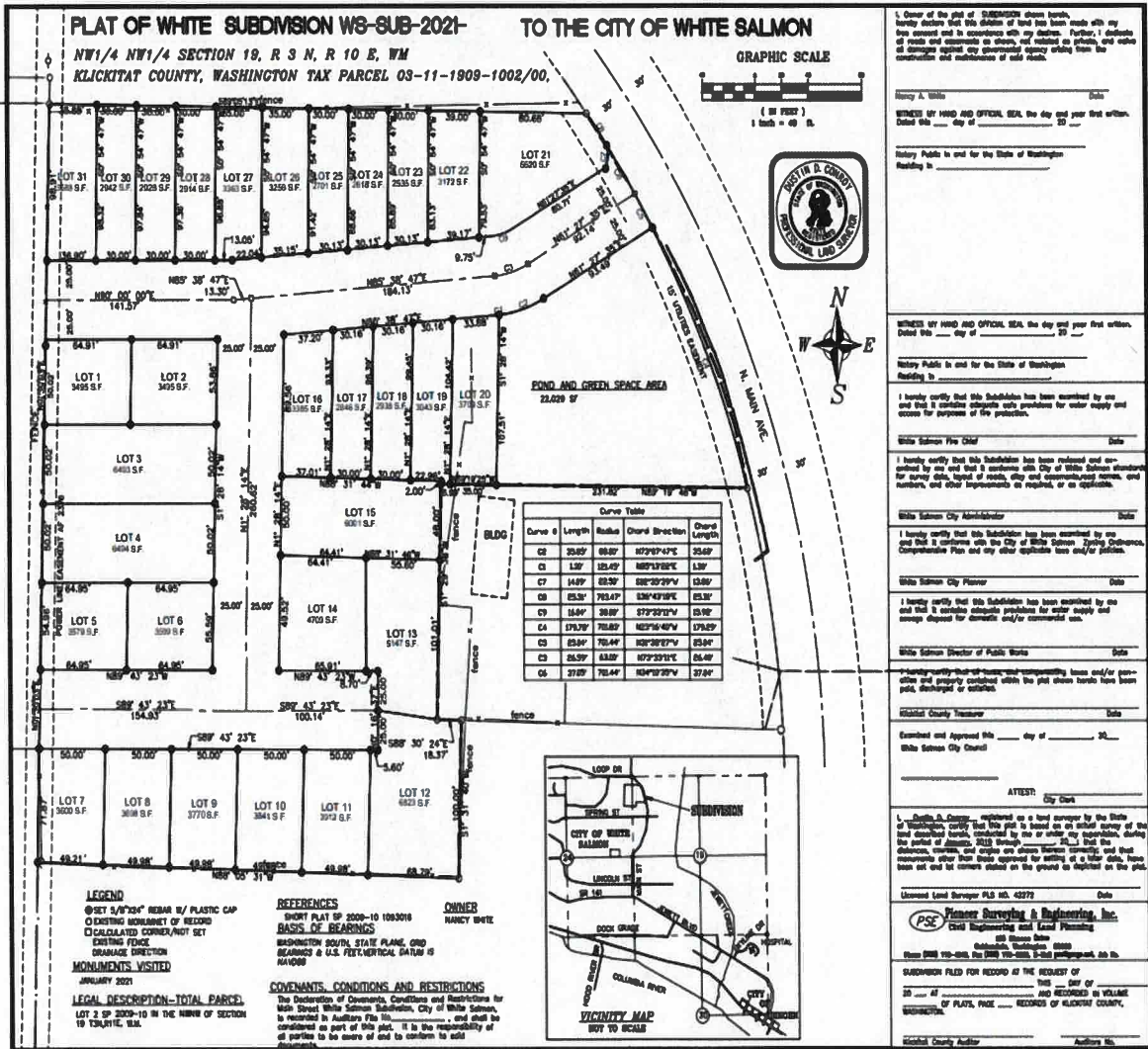


EXHIBIT A - PROPERTY MAP

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EXHIBIT "B"

[Schedule]

Signed LOI

No later than March 10

Purchase & Sale Agreement for Council Review/Approval

Special meeting scheduled between March 10-March 23

Due Diligence Period

Begins no later than March 10; concludes April 1

R-PUD Application Review

Preliminary schedule:

1. R-PUD revisions adopted April 6 or 20
2. Hold Neighborhood Meeting end of April/early May and submit application
3. Take R-PUD application before Planning Commission May 11 or 25, Council June 1 or 15 for approval.

Heritage Tree Review (if applicable)

This is covered in the R-PUD tool under 17.75.040.B.5. Shouldn't present any problems that can't be resolved.

Initial Deadline for Closing

April 20

Optional 1st Extended Deadline for Closing

May 20

Optional 2nd Extended Deadline for Closing

June 20 (technically ends Sun 6/19 but extending to closest business day)



City of White Salmon Office of City Hall

EXHIBIT "C"

[Draft Low Income Housing Covenant Agreement]

Grantor/Borrower: [Name of housing authority/trust]

Beneficiary: City of White Salmon

Legal Description: (Attachment I. Legal descriptions for each parcel)

Address: [address] and no situs address

Assessor's Tax ID #: [tax id]

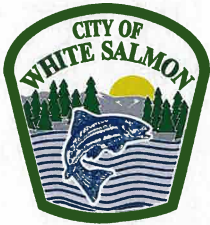
This Affordable Housing Covenant Agreement ("Covenant") is made between [Name of housing authority/trust] ("Grantor"), a Washington [form of organization], with its mailing address at [address] and City of White Salmon ("Beneficiary"), in consideration for the donation of the above referenced parcels for Affordable Housing. The donation is intended to create and maintain affordable housing on the donated parcels for the term of this Covenant.

This Covenant will be filed and recorded in the official public land records of Klickitat County, Washington, and shall constitute a restriction upon the use of the property described herein, subject to, and in accordance with, the terms of this Covenant for a required housing affordability period of thirty (30) years.

The covenants contained herein are to be taken and construed as covenants running with the land and shall pass to, and be binding upon, the Grantor, and its transferees, purchasers, assignees, lien holders, heirs, grantees, lessees, or any other successors in interest of or to the Property, beginning May 1, 2021, and continuing from that date for thirty (30) years until April 30, 2051. Each and every contract, deed or other instrument covering or conveying the Property, or any portion thereof, shall be conclusively held to have been executed, delivered and accepted subject to such covenants, regardless of whether such covenants are set forth in such contract, deed, or other instruments.

NOW, THEREFORE, it is hereby covenanted that, beginning on May 1, 2021, until April 30, 2051, is as follows:

The Grantor will preserve or develop this property as long-term affordable housing to individuals with incomes at or below eighty percent (80%) or less of the area median



City of White Salmon Office of City Hall

income in Klickitat County, Washington, adjusted for family size, as estimated from time to time by the United States Department of Housing and Urban Development (HUD). If HUD ceases to provide such estimates of median income, then median income shall mean such comparable figures for Klickitat County, Washington, published or reported by a federal, state, or local agency as the County shall select. Income shall be determined prior to occupancy. Rents charged to tenants shall not exceed High HOME Rents for the unit size.

In keeping with this affordability responsibility, Grantor shall create and keep all records and make any reports relating to compliance with this Covenant Agreement that City of White Salmon may reasonably require, such as annual home-sale monitoring reports, including homeowner income, family size, unit size, and household type.

In addition, Grantor agrees that City of White Salmon, may at any reasonable time and upon reasonable notice go onsite to review the Grantor's files and/or inspect matters consistent with this Covenant, in accordance with applicable law.

The Grantor will provide safe and sanitary housing and will comply with all State and local land use, environmental, habitat, erosion control, property, housing codes, licensing requirements and other requirements regarding the condition of the structure and the operation of the project in the jurisdiction in which the housing is located.

DEFAULT: If a violation of this Covenant occurs, City of White Salmon may, after 30 days' notice to the Grantor at the address indicated in this document, institute and prosecute any proceeding at law or equity to abate, prevent, or enjoin any such violation or to compel specific performance by the Grantor of its obligations hereunder or, in the case of a willful disregard or violation of the terms of this Covenant, such other and further remedies the Court shall impose, including, without limitation, the City's right to seek reversion of the property back to the City or compensation for damages equal to the value of the donation given to Grantor; provided that, the Grantor shall not be required by any provision herein to evict a residential tenant. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage, or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violations or any similar breach or violation hereof at any later time. In that event, the prevailing party shall be entitled to its attorney fees and costs at trial and on appeal.

IN WITNESS HEREOF [Name of housing authority/trust], a Washington [form of organization] has executed this Covenant on the ____ day of _____, 2022.



**City of White Salmon
Office of City Hall**

GRANTOR: [Name of housing authority/trust], a Washington [form of organization]

By: _____

Its: _____

Print Name: _____

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 [Name of housing authority/trust], a Washington limited partnership, to be the free and voluntary act and deed of such limited partnership on behalf of such limited partnership for the uses and purposes mentioned in the instrument.

DATED: _____

Notary Public in and for the State of Washington
residing in the county of _____

My appointment expires: _____



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EXHIBIT "D"

Restrictive Covenants-Use and Dwelling Standards

1. Land Use and Building Type

a. No lot shall be used except for primary long-term residential purposes. No building shall be erected, altered, placed or permitted to remain on any lot other than single or two-family dwellings (duplexes and townhomes) not to exceed height limitations hereinafter specified, accessory structures permitted outright or by conditional use within base zoning or otherwise approved as part of the R-PUD process, and private garages for no more than two cars.

b. The provisions of this section shall not be deemed to prohibit the right of any home builder to construct residence on any lot, to store construction materials and equipment on said lots in the normal course of construction and to use a single family residence as a sales office for purposes of sales in this subdivision.

2. Height Restrictions

All dwellings and structures constructed on any lot shall be no more than two-story construction and conform with the height limitation of the applicable zoning requirements.

3. Dwelling Size

All multi-level dwellings shall have minimum total square footage that aligns with existing city code at time of construction.