

REAL ESTATE PURCHASE AGREEMENT

1.0 INTRODUCTION

This REAL ESTATE PURCHASE AND SALE AGREEMENT (this "Agreement") is entered by and between Allen Fredrick Bird, Trustee of the Gail Haaland Bird Credit Shelter Trust, residing at 17952 Best Road, Mount Vernon, WA 98273 and the Methow Salmon Recovery Foundation, a Washington nonprofit corporation, headquartered in Twisp, Okanogan County, Washington ("Buyer") represented by Chris Johnson as their Board President. This Agreement shall take legal effect as of the date when both parties have fully executed it (the "Effective Date").

NOW, THEREFORE, in consideration of the respective agreements set forth below and for valuable consideration, the receipt and sufficiency of which is acknowledged, Seller and Buyer agree as follows:

2.0 PROPERTY

Seller agrees to sell and convey to Buyer and Buyer agrees to purchase from Seller, subject to the terms and conditions set forth in this Agreement, the following:

2.1 Real Property

The Real Property in fee simple located in Okanogan County, Washington, more particularly described as follows: Okanogan County Assessor's Parcel 3421130026 and 3421130029, less that portion retained by Seller through Boundary Line Adjustment pending through Okanogan County containing approximately 17.13 acres situated in Okanogan County

See Exhibit A, Preliminary Title exhibit together with:

Exhibit B, Legal Description and Preliminary Property Boundary Exhibit attached, which is incorporated herein by this reference

It is agreed that Said Property described above is conveyed together with, except as expressly stated otherwise in this Agreement, any structures and improvements on the Real Property and all of Seller's right, title and interest in and to any rights (including water claims, permits, certificates or other rights), licenses privileges, reversions and easements pertinent to the Real Property, including, without limitation, all minerals, oil, gas, and other hydrocarbon substances on and under the Real Property as well as all development rights, air rights, water rights, water and water stock, and ditch and conveyance rights relating to the Real Property, and any other easements, rights-of-way, real property interests or appurtenances used in connection with the beneficial use and enjoyment of the Real Property, and any rights of first refusal or options to purchase other adjacent or nearby properties (collectively the "Real Property").

2.2 Tangible Personal Property

All tangible personal property owned by Seller and located on, within, over or under the Real Property, including, but not limited to, irrigation pumps, pipes, pivots, equipment, maintenance equipment fences, gates access improvements and other miscellaneous equipment, (collectively, the Tangible Personal Property”). Seller shall within 30 days of the Effective Date of this Agreement provide Buyer with a schedule of Personal Property to be excluded from the sale, and Buyer may accept or reject the schedule in whole or in part in its sole discretion within 30 days of receipt of the schedule.

If Seller fails to provide the required schedule all Tangible Personal Property located on the property on the Effective Date of this Agreement shall become the property of Buyer, who may dispose of it in its sole discretion. Seller shall reimburse Buyer for any and all costs incurred in removing and disposing of any unwanted Tangible Personal Property not identified and accepted on the required schedule within fourteen (14) calendar days of receipt of Buyer’s written statement of such costs, which statement shall include receipts, invoices and other reasonable documentation of costs incurred by Buyer. Buyer may enforce Seller’s obligation to reimburse such costs in Okanogan Superior Court, and Seller hereby consents to venue and jurisdiction in such court and waives any objection or defense, whether procedural or substantive, to legal proceedings brought by Buyer to collect such costs from Seller.

2.3 Intangible Personal Property

All intangible personal property owned by Seller and used in the ownership, financing, operation or maintenance of the Real Property, of the Tangible Personal Property, or any portion of either. The intangible personal property includes, but is not limited to, licenses, permits, certificates and franchises issued by any federal, state or local authorities relating to the use, maintenance, occupancy or operation of the real property, reports and studies, including, but not limited to, physical and engineering inspections, soil studies, utility and zoning studies, traffic studies and wetland studies, plans and specifications, correspondence, surveys, and any other documented information relating exclusively to the Real Property, any intellectual property, including without limitation trade names and trademarks, patents, and copyrights relating exclusively to the Real Property or Tangible Personal Property, Seller’s interest in all tenant leases and service contracts covering the Real Property, including any and all security deposits and prepaid rents thereunder, and any and all escrow accounts, insurance policies, deposits, instruments and business records pertaining to the use, maintenance, occupancy or operation of the Real Property (collectively, the “Intangible Personal Property”). The Real Property, the Tangible Personal Property and the Intangible Personal Property are collectively referred to in this Agreement as the “Property.”

3.0 DEPOSIT; PURCHASE PRICE

3.1 Deposit

Upon execution of this Agreement by both Seller and Buyer, Buyer shall deliver to Title Company cash in the amount of Two Thousand and no/100 Dollars (\$2,000.00) as a Deposit, which shall be credited toward the purchase price at closing.

3.2 Purchase Price

The total purchase price for the Property (the "Purchase Price") has been established to be Two Hundred Fifty-Three Thousand and no/100 Dollars (\$253,000.00). Said price having been established by professional appraisal completed to federal standards. It is understood and agreed by Buyer and Seller that Buyer can not pay more than the Full Fair Market Value determined by a federal "Yellow Book" complaint appraisal, reviewed and approved by the funder (WA Recreation and Conservation Office).

4.0 LEASES AND SERVICE CONTRACTS

Seller shall provide copies of all leases or agreements related to any rental tenant occupying or with rights to occupy any structures on the property. Seller warrants that no other leases, agreements and service contracts are associated with, bind, encumber or affect the Property

5.0 TITLE TO REAL AND PERSONAL PROPERTY

5.1 Conveyance

At closing, Seller shall deliver to Buyer a statutory warranty deed conveying fee simple title to the Real Property, and a Bill of Sale conveying title to the Tangible and Intangible Personal Property, free and clear of all encumbrances except any encumbrances agreed to in writing by Buyer.

5.2 Preliminary Commitment

Buyer shall order at its expense a preliminary commitment for an owner's standard coverage policy of title insurance (or, at Buyer's election, an owner's extended coverage policy of title insurance) in the amount of the Purchase Price to be issued by Title Company and accompanied by copies of all documents referred to in the commitment (the "Preliminary Commitment"). Buyer shall advise Seller by written notice what exceptions to title, if any, are disapproved by Buyer ("Disapproved Exceptions") within twenty one (21) business days of receipt of the Preliminary Commitment or within twenty one (21) business days of the Effective Date, whichever is later, and legible copies of all exceptions to title shown in the Preliminary Commitment. All monetary encumbrances other than nondelinquent ad valorem property taxes will be deemed to be disapproved. Seller will have ten (10) days after receipt of Buyer's notice to give Buyer notice that (i) Seller will remove Disapproved Exceptions or (ii) Seller elects not to remove Disapproved Exceptions. If Seller fails to give Buyer notice before the expiration of the

ten (10) day period, Seller will be deemed to have elected not to remove Disapproved Exceptions. Notwithstanding anything to the contrary in this Agreement, Seller shall remove from title on or before the Closing Date all monetary encumbrances other than those approved by Buyer.

If Seller elects not to remove any nonmonetary Disapproved Exceptions, Buyer will have until the expiration of the Feasibility Study Period (as defined in Section 6.2 of this Agreement) to notify Seller of Buyer's election either to proceed with the purchase and take the Property subject to those exceptions, or to terminate this Agreement. If Seller gives notice that it will cause one or more nonmonetary exceptions to be removed but fails to remove any of them from title on or before the Closing Date, Buyer will have the right to either (i) elect to terminate this Agreement by written notice to Seller or (ii) proceed with the purchase, with an abatement of the Purchase price equal to the actual cost of removing from title those exceptions not approved by Buyer, and to take the Property subject to those exceptions. If Buyer elects to terminate this Agreement under this Section 5.2, the escrow will be terminated, the Deposit must be returned immediately to Buyer, all documents and other funds will be returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement except as otherwise provided in this Agreement. If this Agreement is terminated through no fault of Seller, then Seller and shall only be responsible for payment of costs of terminating the escrow and Buyer shall be responsible for any costs of cancellation fee for the Preliminary Commitment.

5.3 Title Policy

Seller shall cause Title Company to issue to Buyer at closing and at Buyer's expense a standard coverage owner's policy of title insurance insuring Buyer's title to the Real Property in the full amount of the Purchase Price subject only to the Permitted Exceptions (the "Title Policy"). The Title Policy must be dated as of the Closing Date.

6.0 CONDITIONS TO CLOSING

6.1 Due Diligence Materials

Seller shall provide to Buyer, or make available to Buyer for inspection, as soon as possible (but in no event later than twenty one (21) days after the Effective Date) all materials specified in this Section that exist and that are in Seller's actual possession or that Seller knows exist and to which Seller has access (collectively, the "Due Diligence Materials"). If Seller thereafter discovers any additional items that should have been included among the Due Diligence Materials, Seller shall promptly deliver them to Buyer. Due Diligence Materials will include:

(a) copies of any existing and proposed easements, covenants, restrictions, agreements or other documents that, to Seller's knowledge, affect title to the Real Property and that are not disclosed by the Preliminary Commitment;

(b) all surveys, plats or plans relating to the Real Property;

- (c) all leases for the Real Property;
- (d) all existing service contracts pertaining to items such as janitorial, trash removal, maintenance, snow removal, laundry service, extermination and similar services;
- (e) all labor contracts affecting the Real Property;
- (f) all warranties and guarantees affecting any portion of the Property;
- (g) notice of any existing or threatened litigation affecting or relating to the Property and copies of any pleadings with respect to that litigation;
- (h) all governmental permits and approvals obtained or held by Seller and relating to (A) the construction, operation, use or occupancy of any part of the Real Property or (B) zoning, land use, subdivision, environmental, building and construction laws and regulations restricting, regulating or otherwise affecting the use, occupancy or enjoyment of the Real Property or (C) the right to divert, pump, convey or use water in connection with the Real Property (collectively, "Permits") and (ii) any notices of violation of any Permits, or of any of the laws and regulations described in this Section;
- (i) all environmental assessment reports with respect to the Real Property that were performed or are being performed by or for Seller, any raw data that relates to environmental condition of the Real Property, any governmental correspondence, orders, requests for information or action and other legal documents that relate to the presence of Hazardous Material (as defined in Section 10, below) on, in or under the Real Property, and any other information material to the environmental condition of potential contamination of the Real Property; and
- (j) all documents described in Section 1.3 not otherwise included herein.

6.2 Feasibility Study

(a) Study Period

Buyer and Seller agree that Buyer shall have a period of no less than 30 days from the Effective Date (the "Feasibility Study Period") to conduct such review with respect to the Property as required to satisfy federal funding requirements with respect to the condition of and other matters related to the Property and its suitability for Buyer's intended use (the "Feasibility Study").

The Feasibility Study may include all inspections and studies Buyer/Funders deem necessary or desirable, in their sole discretion. Buyer and Buyer's agents, representatives, consultants, architects and engineers will have the right, from time to time, from and after the date of this Agreement and by appointment with Seller, to enter onto the Real Property to conduct tests and studies that may be necessary or desirable to ascertain the condition and suitability of the Real Property for Buyer's intended use. Such tests and inspections are to be

performed in a manner not unreasonably disruptive to the operation of the Property. Buyer shall protect, defend and indemnify Seller from and against any construction or other liens or encumbrances arising out of or in connection with its exercise of this right of entry and shall cause any such liens or encumbrances to be promptly released. Buyer shall remove any and all items from the Real Property that are used in the study.

(b) Termination of Agreement

Buyer will have the right to terminate this Agreement if, findings from such feasibility studies render the property not suitable for Buyer's intended use or unacceptable to the funding entity. Buyer's right to terminate must be exercised by delivering written notice of its election to Seller on or before the expiration of the Feasibility Study Period. In the event Buyer does not complete the purchase, Buyer shall return the Real Property as near as is practicable to its original condition. If Buyer terminates this Agreement pursuant to this Section 6.2(b), this Agreement will terminate, and Seller and Buyer will be released from all further obligations or liability hereunder, except as otherwise specified by this Agreement and except for Buyer's obligations to indemnify Seller under Section 6.2(a).

(c) Confidentiality of Studies and Reports

Prior to closing of the purchase of the Property, Buyer will not distribute or divulge the information or materials it and its agents and consultants may generate in connection with the Feasibility Study to other persons except as may be required by law or as may be necessary to desirable in connection with Buyer's evaluation of the Property and its suitability; *provided*, that during this time period no information or materials concerning wetlands or environmental matters will be divulged to any governmental entity without Seller's consent, unless required by law. If Buyer elects not to purchase the Property, Buyer agrees that, except as may be required by law, it will not further divulge or further distribute the information and materials except with Seller's consent.

Notwithstanding the foregoing, if Buyer elects not to purchase the Property, and if Seller requests copies of the written reports and studies prepared for Buyer in connection with its Feasibility Study, then Buyer will deliver to Seller copies of the final reports and studies. Buyer will, in that event, cooperate reasonably with Seller to coordinate Seller's communications with the consultants, provided Buyer will not be obligated to bear any costs or expend more than a reasonable period of time in doing so.

(d) Buyer's Indemnification

Buyer agrees to assume all liability for and to defend, indemnify and save Seller harmless from all liability and expense (including reasonable attorneys' fees) in connection with all claims, suits and actions of every name, kind and description brought against Seller its agents or employees by any person or entity as a result of or on account of injuries or damages to persons, entities and/or property received or sustained, arising out of, in connection with or as a result of the acts or omissions of Buyer or its agents or employees in exercising its rights under

the right of entry granted in this Section 5.2, except for claims caused by, related to or arising from Seller's negligence.

6.3 Buyer's Contingencies

Buyer's obligation to purchase the Property is expressly contingent upon the following:

(a) Feasibility Study – Buyer and Funder's approval, prior to expiration of the Feasibility Study Period, of the suitability of the Property as a result of the Feasibility Study;

(b) Environmental Condition – Buyer's approval, prior to expiration of the Feasibility Study Period, of the environmental condition of the Real Property pursuant to Section 6.2;

(c) Title Policy – Buyer's receipt of the Title Company's firm commitment to issue, upon closing, the Title Policy as described in Section 5.3;

(d) Representations and Warranties – All of Seller's representations and warranties contained in or made pursuant to this Agreement being true and correct when made and as of the Closing Date;

(e) Seller's Compliance – Seller's timely performance of all of its obligations under this Agreement; *provided*, Seller will be given notice of any failure on its part to perform obligations pursuant to Seller's warranties made in Section 10.1 and those obligations required of it during the Feasibility Study Period, and will have a period of time that is reasonable under the circumstance to cure its nonperformance;

(f) Personal Property Schedule – Buyer's approval of a schedule of Personal Property included in the sale;

(g) Other Buyer's Approvals – Buyer's approval, prior to the expiration of the Feasibility Study Period, of the Due Diligence Materials.

(h) Transaction Funding – Receipt by Buyer of approval of the transaction contemplated in this Agreement by the WA Recreation and Conservation Office which is providing funding for Buyer's purchase of the Property, and receipt by Buyer and Title Company of full funding for the purchase of the Property. If the Bonneville Power Administration's review of the due diligence materials results in conditions or findings that render the site unusable or require mitigation to make the property usable for the intended purposes, Seller shall consent to release Buyer from any obligation to purchase the Property or, as an alternative, shall agree to enter into negotiations to address such deficiencies or findings as may be discovered.

The foregoing conditions contained in Section 6.3 (a) through (h) are collectively referred to in this Agreement as "Buyer's Contingencies."

6.4 Satisfaction/waiver of Buyer's Contingencies

Buyer's Contingencies are solely for the benefit of Buyer. If any of Buyer's Contingencies are not timely satisfied, Buyer will have the right at its sole election either to waive any of them in writing and proceed with the purchase or to terminate this Agreement. If Buyer elects to terminate this Agreement, the escrow will be terminated, all documents and other funds will be returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement, except as otherwise provided in this Agreement.

7.0 CLOSING

7.1 Closing Date

This transaction will be closed in escrow by Baines Title Company ("Title Company") located in Okanogan, Washington acting as escrow agent ("Escrow Agent"). The closing will be held at the offices of Title Company on January 31, 2012 or before at Buyer's option (the "Closing Date"). If closing does not occur on or before the Closing Date, or any later date mutually agreed to in writing by Seller and Buyer, Escrow Agent will immediately terminate the escrow, forward the Deposit plus accrued interest to the party entitled to receive it as provided in this Agreement and return all documents to the party that deposited them.

7.2 Closing

(a) Seller's Escrow Deposits

On or before the Closing Date, Seller shall deposit into escrow the following:

- (i) a Bill of Sale in a form satisfactory to Buyer for the Tangible and Intangible Personal Property;
- (ii) the originals of all tenant leases of the Property, if any;
- (iii) any other documents, instruments, records, correspondence and agreements called for hereunder that have not previously been delivered;
- (iv) a letter, executed by Seller, advising all tenants on the Property, if any, that the Property has been sold to Buyer;
- (v) a schedule of Personal Property included in the sale; and
- (vi) keys to the Property.

(b) Buyer's Escrow Deposits

On or before the Closing Date, Buyer shall deposit or cause to be deposited into escrow the following:

(i) cash in the amount of and Two Hundred and Fifty Three Thousand and no/100 Dollars (\$253,000.00) subject to any and all adjustments as set forth in Section 3.2. less any earnest monies previously provided; and

(ii) any other documents or instruments Buyer is obligated to provide pursuant to this Agreement (if any) to close this transaction.

(c) Additional Instruments and Documentation

Seller and Buyer shall each deposit any other instruments and documents that are reasonably required by Escrow Agent or otherwise required to close the escrow and consummate the purchase and sale of the Property in accordance with this Agreement.

7.3 Closing Costs

(a) Seller's Costs

Seller shall pay State of Washington real estate excise taxes applicable to the sale.

(b) Buyer's Costs

Buyer and Seller shall each pay ½ of the premium for owner's policy of title insurance and any endorsements required by Buyer, the cost of recording the Deed and the Title Company's escrow fee.

8.0 ADJUSTMENTS AND PRORATIONS

The following adjustments and prorations will be made as of the Closing Date (with Buyer either responsible for or entitled to a credit for, as the case may be, as of the actual Closing Date).

8.1 Property Taxes

All property taxes payable in the year of closing and assessments approved by Buyer, if any, will be prorated as of the Closing Date.

8.2 Utilities

All gas, electric and other utility charges will be prorated as of the Closing Date.

8.3 Insurance

The cost of insurance premiums and any amount held in any impound account by any lender will be prorated on the Closing Date and Buyer shall reimburse Seller for the prepaid portion thereof.

8.4 Miscellaneous Costs

As reasonable and appropriate under the circumstances, employee wages, service contract payments, fees for licenses, equipment rentals, and percentage rent (if any) will be prorated as of the Closing Date.

9.0 SELLER'S COVENANTS

9.1 Covenant to Operate and Maintain

Prior to the Closing Date, and except as agreed otherwise by the parties in writing under a management agreement or similar contract, Seller shall maintain, repair, manage and operate the property in a businesslike manner in accordance with Seller's prior practices and Seller shall not dissipate any portion of the Property.

10.0 REPRESENTATIONS AND WARRANTIES

10.1 Seller's Representations and Warranties

Seller represents and warrants to Buyer as follows:

- (a) Seller has full power and authority to convey the Property to Buyer.
- (b) To the best of Seller's knowledge, the Property is now, or will be as of the Closing Date, in compliance in all material respects with all applicable zoning, land use, building, construction, subdivision and other local, state and federal laws, ordinances and regulations and with all existing covenants, conditions, restrictions and easement.
- (c) To the best of Seller's knowledge, all Due Diligence Materials and other instruments and documents delivered to Buyer pursuant to this Agreement (the "Warranted Materials") are complete and accurate originals or copies, and Seller shall advise Buyer in writing of any inaccuracies in the Warranted Materials as Seller becomes aware of them. With respect to all other instruments and documents delivered or required to be delivered to Buyer by Seller pursuant to this Agreement, Seller has not purposefully altered or withheld any of them.
- (d) Seller has not received notice of any special assessment or condemnation proceedings affecting the Property.

(e) To the Best of Seller's knowledge, there is no litigation pending or threatened against Seller (or any basis for any claim) that arises out of the ownership of the Property and that might materially and detrimentally affect (i) the use or operation of the Property for Buyer's intended use, or (ii) the ability of Seller to perform its obligations under this Agreement, or (iii) the value of the Property.

(f) This Agreement and all documents executed by Seller that are to be delivered to Buyer at closing are, or at the time of closing will be, (i) duly authorized, executed and delivered by Seller, (ii) legal, valid and binding obligations of Seller, (iii) sufficient to convey title (if they purport to do so), and (iv) in compliance with all provisions of all agreements and judicial orders to which Seller is a party or to which Seller or all or any portion of the Property is subject.

(g) Other than the Property, there are no items, tangible or intangible, real or personal, owned by persons other than Seller or an affiliate of Seller, which are located on the Property but not included in this sale.

(h) Seller has received no notice of any failure of Seller to comply with any applicable governmental requirements in respect of the use, occupation and construction of the Property, including, but not limited to, environmental, fire, health, safety, zoning, subdivision and other land use requirements that have not been corrected to the satisfaction of the appropriate governmental authority, and Seller has received no notice of, and has no knowledge of, any violations or investigation relating to any such governmental requirement.

(i) Seller has received no notice of any default or breach by Seller under any covenants, conditions, restrictions, rights-of-way or easements that may affect Seller in respect to the Property or may affect the Property or any portion thereof and no such default or breach now exists.

(j) No building or other improvement, not disclosed in Section 3.0 above, encroaches on the real property, nor does any building or improvement that is a part of the real property encroach on lands of others or any public or private road or right-of-way.

(k) To Seller's knowledge, there has been no default or any claim of default and no event has occurred that with notice of lapse of time or both would constitute a default under any tenant lease and to Seller's knowledge no tenant has asserted or has any defense setoff or claim with respect to its tenancy pursuant to the lease or to any law or otherwise.

(l) There are no leases affecting any part of the Property other than those delivered to Seller pursuant to this Agreement and there are no written or oral promises, understandings or agreements between Seller and any tenant that have not been disclosed by Seller as part of the materials provided to Buyer.

(m) To Seller's knowledge there are no permits, licenses or consents required by any governmental authority in connection with the use and occupancy of the Property except those previously obtained by Seller and delivered to Buyer, and Seller knows of no local improvement districts proposed that will affect the Property.

(n) Except as disclosed in writing by Seller to Buyer, the Property is not affected by any statute or governmental regulation of any kind that limits the right to increase rents, required the renewal of leases or grants a right to purchase to any tenant.

(o) All public or private utilities required for the operation of the Property either enter the Property through adjoining public streets or, if they pass through adjoining private lands, do so in accordance with valid public easements or private easements that will inure to the benefit of Buyer on the Closing Date.

(p) Seller is not a foreign person as defined in Section 1445 of the Internal Revenue Code.

(q) All of the representations, warranties and covenants of Seller contained in this Agreement are true and correct as of the Effective Date and as of the Closing Date and will survive the closing of the transaction contemplated by this Agreement.

(t) To the best of Seller's knowledge, all water rights, including, without limitation, all claims, permits, certificates, conveyance and diversion rights, storage and impoundment rights, and any shares in ditch or irrigation companies or districts, are valid and enforceable to the fullest extent of the law.

(u) Except as disclosed or otherwise conditioned in writing prior to this Agreement by Seller to Buyer, Seller consents and acknowledges that Buyer is acquiring the Property as an element of a larger restoration effort in the Methow River drainage.

10.2 Buyer's Representations and Warranties

Buyer represents and warrants to Seller as follows:

(a) Buyer is a nonprofit corporation, duly organized and validly existing under the laws of the state of Washington; this Agreement and all documents executed by Buyer that are to be delivered to Seller at closing are, or at the time of closing will be, (i) duly authorized, executed and delivered by Buyer, (ii) legal, valid and binding obligations of Buyer, and (iii) in compliance with all provisions of all agreements and judicial orders to which Buyer is a party or to which Buyer is subject.

(b) Buyer's purpose in acquiring the Property is conservation oriented. Buyer consents and acknowledges that Conservation Easements will be applied to the Property to restrict future development on the Property to such uses that are deemed consistent with conservation and restoration activities.

(c) In connection with its Feasibility Study, Buyer will inspect those aspects of the Property, including, without limitation, its physical condition, that Buyer deems necessary to make a determination whether to purchase the Property.

(d) As of the date of this Agreement, Buyer is not aware of any default by Seller of any representation or warranty set forth in this Agreement.

(e) Buyer consents to grant to Seller a perpetual easement for access and passive enjoyment of the acquired property as set forth in Exhibit "C" to this agreement.

11.0 HAZARDOUS MATERIAL

11.1 Definitions

(a) "Hazardous Material" means any hazardous or toxic substance, material or waste, including, but not limited to, those substances, materials and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 CFR Sec. 172.101) or by the United States Environmental Protection Agency as hazardous substances (40 CFR part 302 and amendments thereto) or in the Washington Hazardous Waste Management Act (Ch. 70.105D RCW) or the Model Toxics Control Act (Chs. 70.105D RCW, 82.21 RCW), petroleum products and their derivatives, and such other substances, materials and wastes as become regulated or subject to cleanup authority under any Environmental Laws.

(b) "Environmental Laws" means any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health and the environment.

11.2 Compliance with Environmental Laws

Seller represents and warrants that:

(a) Seller has no actual knowledge of the release or presence of any Hazardous Material on, in, from or onto the Real Property.

(b) Seller has not generated, manufactured, refined, transported, stored, handled, disposed of or released any Hazardous Material on the Property, nor has Seller permitted the foregoing.

(c) To the best of Seller's actual knowledge, Seller has obtained all approvals and caused all notifications to be made as required by Environmental Laws.

(d) To the best of Seller's actual knowledge, Seller has not received any notice of any violation of any Environmental Laws.

(e) To the best of Seller's actual knowledge, no action has been commenced or threatened regarding Seller's compliance with any Environmental laws.

(f) To the best of Seller's knowledge, no tanks used for the storage of any Hazardous Material above or below ground are present or were at any time present on or about the Real Property.

(g) To the best of Seller's actual knowledge, no action has been commenced or threatened regarding the presence of any Hazardous Material on or about the Real Property.

11.3 No Waiver of Liability

Seller has not released or waived and will not release or waive the liability of any previous owner, lessee or operator of the Real Property or any party who may be potentially responsible for the presence or removal of Hazardous Material on or about the Real Property. Seller has made no promises of indemnification regarding Hazardous Material to any party.

11.4 Indemnification

Seller agrees to defend (with counsel approved by Buyer), fully indemnify and hold entirely free and harmless Buyer from and against all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) that are imposed on, paid by or asserted against Buyer or its successors or assigns, by reason or on account of, or in connection with, or arising out of (a) the presence or suspected presence of Hazardous Material in the soil, groundwater or soil vapor on or about the real Property, or (b) the migration of any Hazardous Material from or onto the Real Property, or (c) the violation of any Environmental Law, and, with respect to (a), (b) and (c), that existed as of or prior to the Closing Date and did so in violation of Seller's representations set forth in Section 9.1, above. This indemnification of Buyer by Seller includes, without limitation, costs incurred in connection with any of the following:

(a) any investigation or remedial action involving the presence of Hazardous Material on or about the Real Property or releases of Hazardous Material from the Real Property;

(b) any allegations made by any governmental authority or any private citizen or entity or group of citizens or entities as to the violation of any Environmental Laws involving the Real Property or the operations conducted thereon; and/or

(c) any injury or harm of any type to any person or (i) the generation, manufacture, refinement, transportation, treatment, storage, recycling, disposal or release, or other handling of Hazardous Material on or about the Real Property or pursuant to the operations conducted thereon, and/or (ii) the violation of any Environmental Laws, and/or (iii) the contamination of the Real Property.

11.5 Environmental Inspection

During the Feasibility Study Period, Buyer will have the right to take soil and water samples (including groundwater samples) from the Real Property, and to test and analyze those samples to determine the extent of any contamination of the soils and water (including groundwater) on or about the Real Property. If, based on the results of those inspections and/or

tests, Buyer determines that the condition of the Real Property is unsatisfactory or if Buyer believes that its ownership of the Real Property would expose Buyer to undue risks of government intervention or third-party liability, Buyer may, without liability, cancel the purchase of the Property and terminate this Agreement.

12.0 CASUALTY LOSS

Following the occurrence of any event prior to the Closing Date causing damage to or destruction of the Property or any portion of the Property, Seller shall promptly notify Buyer of such occurrence. Under any such circumstances the provisions of this Section 11.0 will apply.

12.1 Minor Casualty Loss

If the amount of any casualty loss referred to above in this Section 11.1 is not more than Twenty Five Thousand and no/100 Dollars (\$25,000.00), the obligation of each party under this Agreement will continue, notwithstanding any such casualty, the rights to all insurance proceeds collectively by reason loss and not collected prior to closing will at closing be assigned to Buyer, and the Purchase Price will be paid without reduction by reason of such loss. Buyer and Seller will under such circumstances cooperate in settlement of such claims and any proceeds collected prior to closing will, consistent with the circumstances, be applied to any reconstruction or be offset against the portion of the Purchase Price paid at closing.

12.2 Substantial Casualty Loss

If the amount of any casualty loss is more than Twenty Five Thousand and no/100 Dollars (\$25,000.00), Buyer and Seller will each have the right to terminate or renegotiate this Agreement in the manner specified by this Section 11.2. Such election may be exercised giving written notice of Termination or Required Adjustment to Purchase Price to the other party within thirty (30) days after receipt of actual notice of such casualty loss. Such notice of casualty will be effective to commence the running of this termination period only if such notice specifically provided that is being given pursuant to this Section 11.2. Upon effective exercise of such termination or failure to agree on negotiated adjustments by either party, this Agreement will terminate, and the \$2,000 Deposit will be returned to Buyer. If, in the event of any such casualty, neither party affirmatively exercises the right to terminate provided by this Section 11.2, such right will lapse, and the provisions of Section 11.1, above, will apply.

12.3 Eminent Domain

If at any time after the Effective Date, Seller receives any notice of any condemnation proceedings, or other proceedings in the nature of eminent domain, it will promptly send a copy of such notice to Buyer. If all or any part of the Property is taken by condemnation or eminent domain and the value of the portion of the Property so taken exceeds Twenty Five Thousand and no/100 Dollars (\$25,000.00), Buyer may, upon written notice to Seller, elect to terminate this Agreement, and in such event all monies theretofore paid on account must be returned to Buyer, and neither party will have any further liability or obligation under this Agreement. If all or any portion of the Property has been or is hereafter condemned or taken by eminent domain and this

Agreement is not cancelled, Seller's right, title and interest in and to any awards in condemnation or eminent domain, or damages of any kind, to which Seller may have become entitled or may thereafter be entitled by reason of any exercise of the power of condemnation or eminent domain with respect to the Property or any portion thereof, shall become the right, title and interest of Buyer and inure to Buyer's benefit.

13.0 POSSESSION

Seller shall deliver possession of the Property to Buyer on the Closing Date unless modified by mutual agreement.

14.0 EVENTS OF DEFAULT

14.1 By Seller

If there is an event of default under this Agreement by Seller (including a breach of any representation, warranty or covenant), Buyer will be entitled (a) in addition to all other remedies available at law or in equity, to seek specific performance of Seller's obligations under this Agreement or (b) to terminate this Agreement by written notice to Seller and Escrow Agent. If Buyer terminates this Agreement, the escrow will be terminated, the entire Deposit must be immediately returned to Buyer, all documents will be immediately returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement, except as otherwise provided in this Agreement and except that Seller shall pay any costs of terminating the escrow and any cancellation fee for the Preliminary Commitment.

14.2 By Buyer

IN THE EVENT BUYER FAILS, WITHOUT LEGAL EXCUSE, TO COMPLETE THE PURCHASE OF THE PROPERTY, THE EARNEST MONEY DEPOSIT MADE BY BUYER WILL BE FORFEITED TO SELLER AS THE SOLE AND EXCLUSIVE REMEDY AVAILABLE TO SELLER FOR SUCH FAILURE.

Seller's Initials

Buyer's Initials

15.0 NOTICES

Any notice under this Agreement must be in writing and be personally delivered, delivered by recognized overnight courier service or given my mail or via facsimile. Any notice given by mail must be sent, postage prepaid, by certified or registered mail, return receipt requested. All notices must be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing:

Seller: Allen Fredrick Bird,
Trustee of the Gail Haaland Bird Credit Shelter Trust
17952 Best Road

Mount Vernon, WA 98273

Buyer: Methow Salmon Recovery Foundation
By: Chris Johnson
Board President
P.O. Box 1608
Okanogan, WA 98840

Any notice will be deemed to have been given, if personally, when delivered, and if delivered by courier service, one business day after deposit with the courier service, and if mailed, two business days after deposit at any post office in the United States of America, and if delivered by facsimile, the same day as verified, *provided, that*, any verification that occurs after 5 p.m. on a business day, or at any time on a Saturday, Sunday or holiday, will be deemed to have occurred as of 9 a.m. on the following business day.

16.0 BROKERS AND FINDERS

Agency Disclosure. Seller represents and acknowledges that they are represented by a real estate broker, Vaughn Jolley in the negotiation or execution of this Agreement. Seller consents and agrees that in the event that any commission shall be deemed to be due to broker; the cost and expense shall be borne equally by Buyer and Seller, EXCEPT that Buyer's responsibility shall not exceed \$5,000.

17.0 AMENDMENTS

This Agreement may be amended or modified only by a written instrument executed by Seller and Buyer.

18.0 CONTINUATION AND SURVIVAL OF REPRESENTATIONS AND WARRANTIES

All representations and warranties by the respective parties contained in this Agreement or made in writing pursuant to this Agreement are intended to and will remain true and correct as of the time of closing, will be deemed to be material and will survive the execution and delivery of this Agreement and the delivery of the Real Estate Contract and transfer of title. Such representations and warranties, however, are not assignable and do not run with the land, except as may be expressly provided herein or contained in a written instrument signed by the party to be charged.

19.0 GOVERNING LAW

This Agreement will be governed by and construed in accordance with the laws of the State of Washington without regard to its conflict of laws provisions. Venue for any legal dispute under this Agreement shall be Okanogan County, and each party waives any objection to such venue and jurisdiction.

20.0 ENTIRE AGREEMENT

This Agreement and the exhibits to it constitute the entire agreement between the parties with respect to the purchase and sale of the Property, and supersede all prior agreements and understandings between the parties relating to the subject matter of this Agreement.

21.0 ATTORNEY FEES

If either party fails to perform any of its obligations under this Agreement or if a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the defaulting party or the party not prevailing in the dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights under this Agreement, including, without limitation, court costs and reasonable attorneys' fees incurred in connection with any federal, state or bankruptcy court proceeding.

22.0 TIME OF THE ESSENCE

Time is of the essence of this Agreement.

23.0 EXCLUSIVITY

Seller shall not market the Property actively until after the expiration of the Feasibility Study Period as it may be extended and then only if Buyer elects not to proceed with the purchase of the Property.

24.0 WAIVER

Neither Seller's nor Buyer's waiver of the breach of any covenant under this Agreement will be construed as a waiver of the breach of any other covenants or as a waiver of a subsequent breach of the same covenant.

25.0 NONMERGER

The terms and provisions of this Agreement, including, without limitation, all indemnification obligations, will not merge in, but will survive, the closing of the transaction contemplated under this Agreement.

26.0 ASSIGNMENT

Buyer shall not assign this Agreement without Seller's prior written consent, which consent may not be unreasonably withheld or delayed. Seller shall consent to an assignment of this Agreement to (i) the parent of Buyer, or to a wholly-owned subsidiary of Buyer or of such parent, or (ii) to any corporation in whom or with which Buyer may be merged or consolidated.

27.0 NEGOTIATION

This Agreement and each of its terms and provisions are deemed to have been explicitly negotiated between the parties, and the language in all parts of this Agreement will, in all cases, be construed according to its fair meaning and not strictly for or against either party.

28.0 OFFER EXPIRATION DATE

Seller shall have until 5:00 p.m. on December 5, 2011, to accept this offer, unless sooner withdrawn. Acceptance shall not be effective until a single copy is actually received by Buyer. If this offer is not so accepted, it shall lapse and the \$2,000 shall be refunded to Buyer.

29.0 EXHIBITS

The following exhibit is attached to and made a part of this Agreement by this reference.

- Exhibit A -- Legal Description – Illustrative purposes only
- Exhibit B – Legal Description Surveyed – To be provided and incorporated into this Agreement upon completion and acceptance by Buyer and Seller.

EXECUTED as of the date first appearing above:

SELLER

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

BUYER

_____	_____
By: <u>Chris Johnson</u>	By: _____
Its: <u>Board President</u>	Its: _____
Date: _____	Date: _____

Exhibit A - Preliminary Title Exhibit

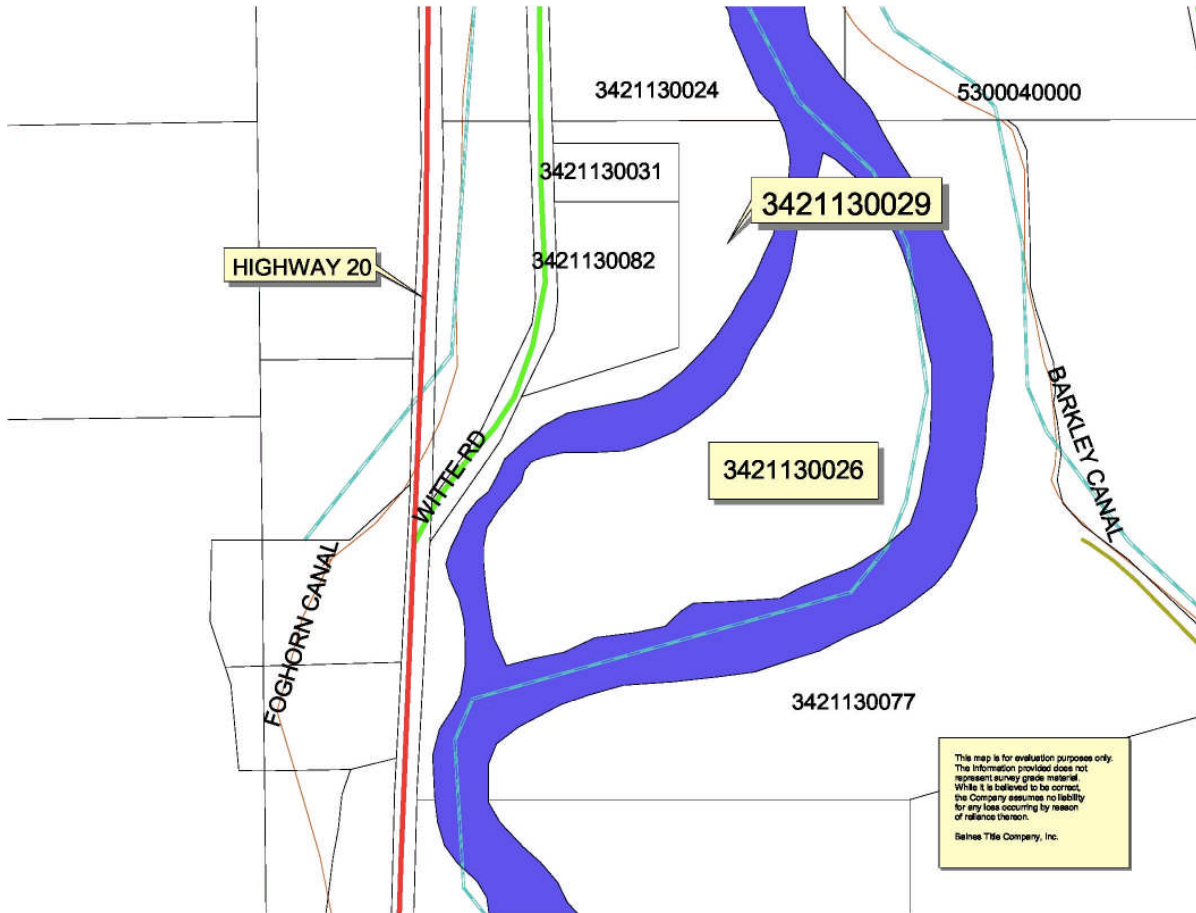


Exhibit A – Preliminary BLA Exhibit

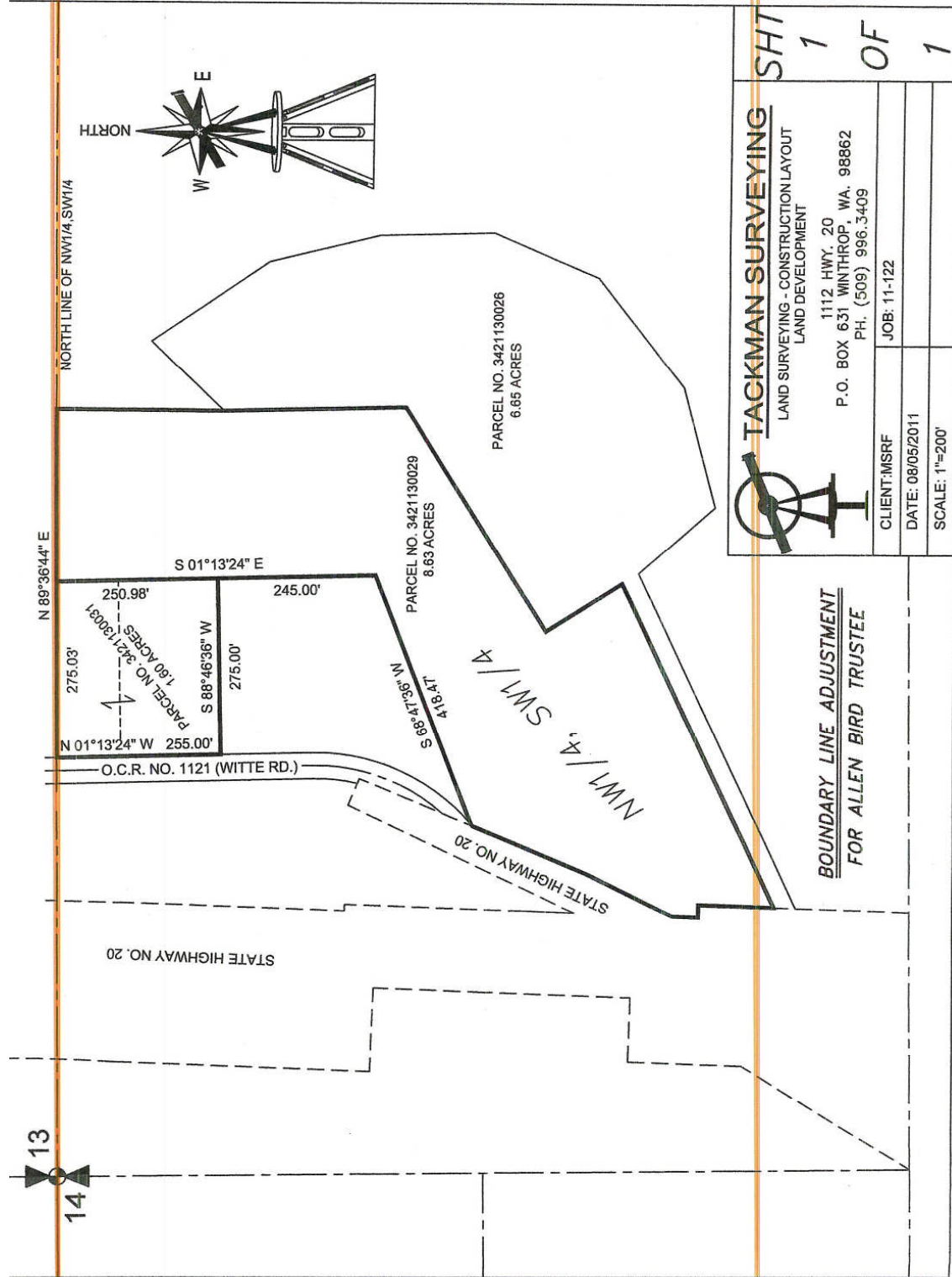


Exhibit B - Preliminary Legal Descriptions



A PROFESSIONAL LIMITED LIABILITY CORPORATION

New Tax 29
(Parcel No. 3421130029)

That portion of the Northwest quarter of the Southwest quarter of Section 13, Township 34 North, Range 21 East, Willamette Meridian, Okanogan County, Washington being more particularly described as follows;

COMMENCING at a point on the East side of the Okanogan County Road No. 1121 (Witte Road), from which the West one-quarter of said Section 13 bears South 89°36' 44" West a distance of 654.00 feet along the East-West Center of Section line;

Thence North 89°36'44" East along said center of Section line a distance of 275.03 feet to the POINT OF BEGINNING

Thence leaving said line South 01°13'24" East a distance of 495.98 feet;

Thence South 68°47' 36" West a distance of 418.47 feet more or less to the intersection of the Highway Right of Way;

Thence Southerly along the Eastside of said Right of Way to the South line of the Northwest quarter of the Southwest quarter;

Thence East along said South line to the bank of the Methow River;

Thence Northerly along said bank of the Methow River to a point directly East of the POINT OF BEGINNING;

Thence West to the POINT OF BEGINNING;

EXCEPT that portion conveyed to the State of Washington as described in instrument recorded in Volume 122, Page 774, situated in Okanogan County, Washington.

Exhibit B - Preliminary Legal Descriptions, Cont.

All that part of the North half of the Southwest quarter of Section 13, Township 34 North, Range 21 East, W.M.; beginning at a point on the East side of the Highway; whence the quarter corner of the West side of said Section bears North 88°42' West, 677 feet; thence Southerly along East side of Highway 100 feet; thence East 275 feet; thence South 400 feet; thence South 70°01' West 292.6 feet, more or less to intersection of Highway right of way; thence Southerly along East side of Highway to subdivision line; thence East to bank of Methow River; thence Northerly along bank of Methow River to a point directly East of the POINT OF BEGINNING; thence West to POINT OF BEGINNING. EXCEPT that portion conveyed to the State of Washington as described in instrument recorded in Volume 122, page 774, situated in Okanogan County, Washington.

ALSO, Two tracts of land lying in the North half of the Southwest Quarter of Section 13, Township 34 North, Range 21 East, W.M., being more particularly described as follows: BEGINNING at the Northwest corner of the Southwest Quarter of Section 13, Township 34 North, Range 21 East, W.M., thence North 89°00' East a distance of 1191.8 feet; thence South 0°27' West a distance of 290.2 feet; thence North 43°46' East a distance of 157 feet, more or less, to the bank of the Methow River which is the true point of beginning; thence South 43°46' West a distance of 157.0 feet; thence South 1° 14' East a distance of 282.3 feet; thence South 57°48' West a distance of 412.3 feet; thence South 32°12' East a distance of 210 feet more or less to the bank of the Methow River; thence Northeasterly along the bank of the Methow River to the true point of beginning.

ALSO, beginning at the Northwest corner of the Southwest Quarter of Section 13, Township 31 North, Range 21 East, W.M., thence North 89° 00' East a distance of 1191.8 feet; thence South 0°27' West a distance of 290.2 feet; thence South 1° 14' East a distance of 282.8 feet; thence South 57°48' West a distance of 412.3 feet; thence South 32°12' East a distance of 170.0 feet to the true point of beginning; thence North 32°12' West a distance of 30 feet; thence South 64°48' West a distance of 350 feet more or less to the right of way line of the Methow Valley Highway; thence in a Southerly direction along said right of way line a distance of 50 feet more or less; thence North 64°48' West a distance of 650 feet more or less to the true point of beginning. Said parcel of land being 30 feet wide for its entire length.

EXCEPT any portion lying Westerly of a line drawn parallel with and 80 feet Easterly of the SR 20 Line Survey of SR 20, Twisp to Winthrop. All of the above located in Okanogan County, Washington.

Also EXCEPT that portion of Existing Tax Parcel 3421130029 retained by Seller through the above referenced Boundary Line Adjustment containing approximately 0.61 acres of land.