

APPENDIX 5:

Exchange Agreement

STATE OF WASHINGTON
PARKS AND RECREATION COMMISSION

EXCHANGE AGREEMENT

THIS EXCHANGE AGREEMENT is made as of the ____ day of _____, 2016 (the "Effective Date"), by and between the STATE OF WASHINGTON, acting by and through the Parks and Recreation Commission (hereinafter referred to as "State") and The Lodge at Saint Edward Park, LLC, a Washington limited liability company (hereinafter referred to as "Exchanger").

WHEREAS, Exchanger's affiliate, Daniels Real Estate, LLC ("Daniels") has acquired a contract right to acquire property commonly known as the McDonald property located in King County, Washington; and

WHEREAS, Daniels has assigned, or has agreed to assign, to Exchanger all of Daniels' right, title and interest in and to its contract right to acquire the McDonald property; and

WHEREAS, State is the owner of certain real property known as St. Edward State Park, within which are located approximately 5.5 acres containing certain structures, one of which is referred to as the seminary building, all of which are located in King County, Washington; and

WHEREAS, Exchanger desires to acquire a long term lease of the 5.5 acres and structures located at St. Edward State Park, and State desires to acquire the McDonald property;

NOW, THEREFORE, in exchange for the mutual promises and covenants herein contained, and other good and valuable consideration, the mutual receipt and sufficiency of which is hereby acknowledged by Exchanger and State, it is agreed as follows:

1. Property.

1.1 Exchange Property. Exchanger shall convey, or cause to be conveyed, and exchanged to State, and State shall accept from Exchanger, all subject to the terms and conditions of this Agreement that certain real property located in the City of Kenmore, King County, Washington, (the "Exchange Property") the legal description of which is set forth on Exhibit A together with the following:

(a) All rights, tenements, hereditaments, easements, associated tidelands, and appurtenances, including, but not limited to, any rights, title and interest of Exchanger in and to all trees, oil, gas, sand, gravel, water rights, or mineral rights;

(b) All improvements, if any, and other items located upon or within the Exchange Property;

(c) All easements, rights-of-way and other rights used in connection with the Exchange Property, including but not limited to rights to adjacent streets, roads, alleys and rights-of-way;

(d) All permits, plans, licenses, surveys, consultants' reports on all matters, including but not limited to soils, engineering, traffic, environmental matters, and wetlands made by, for or on behalf of Exchanger with respect to the Exchange Property, and an assignment of all representations and warranties made therein to or for the benefit of Daniels or Exchanger (if any).

1.2 State Property. In exchange for the Exchange Property, State shall convey to Exchanger a long term leasehold interest (the "Lease") to the 5.5 acres and structures located in St. Edward State Park (the "State Property") the legal description of which is set forth on Exhibit B attached hereto. The State Property is illustrated on Exhibit B-1 attached hereto. The form of the Lease as substantially agreed upon is attached hereto as Exhibit C.

1.3 Definition of Properties. As used herein, the Exchange Property and the State Property may be collectively referred to herein as the "Properties" or each, individually, as a "Property."

2. Appraisal. State has procured an appraisal for the Exchange Property and State Property. The values are set forth below:

STATE PROPERTY	EXCHANGE PROPERTY
\$1,660,000 to \$2,180,000	\$1,490,000 to \$3,000,000

Exchanger agrees to reimburse State for one half the cost of the appraisal, which is \$11,233 at Closing.

3. Closing.

3.1 Closing Date. "Closing," "Closing Date" or "Date of Closing" as those terms are used herein, shall mean the date upon which all documents are recorded and monies paid to complete the exchange contemplated herein. The Date of Closing shall be as soon as practicable to facilitate an orderly closing but no later than December 31, 2017, unless otherwise agreed in writing by the parties.

3.2 Escrow. This exchange transaction shall be closed in escrow at Chicago Title Insurance Company, located at 700 Fifth Avenue, Seattle, Washington 98101 (the "Escrow Company"). The parties shall deposit the necessary documents and funds in escrow in accordance with Section 9 to facilitate an orderly Closing. State and Exchanger shall each pay one-half of the Escrow Company's fee.

4. Conveyance, Title Insurance and Possession.

4.1 Possession. State shall be entitled to possession of the Exchange Property and Exchanger shall be entitled to possession of the State Property on the Closing Date. From the Effective Date through the Closing Date, each party shall have a right of entry pursuant to Section 5 below.

4.2 Form of Deed and Lease. On the Closing Date, Exchanger shall convey (or cause to be conveyed) title to the Exchange Property to State by Bargain and Sale Deed substantially in the form as set forth on Exhibit D attached hereto, and State shall convey a leasehold to the State Property to Exchanger by lease substantially in the form as set forth on Exhibit C.

4.3 Title Insurance. This Agreement is conditioned upon each party accepting title as set forth below.

(a) Daniels has obtained and delivered to State a preliminary commitment for an ALTA Owner's Standard Coverage Policy of title insurance to insure title of the Exchange Property dated July 13, 2016 and issued by Chicago Title Company of Washington (the "Preliminary Commitment"). Exchanger agrees to pay, or cause its seller to pay, the cost of standard coverage title insurance for the Exchange Property and warrants that title to the Exchange Property shall be conveyed to State in good, marketable and insurable condition subject only to such exceptions as agreed upon by the parties prior to Closing (the "Permitted Exceptions"). State shall not be obligated to furnish to Exchanger title insurance to the State Property. Exchanger may procure title insurance for the State Property at Exchanger's sole expense.

(b) Within thirty (30) days after the Effective Date, each party shall notify the other in writing of any title matters to which it objects (each, a "Title Notice"). Following either party's giving of a Title Notice, if additional encumbrances affecting either Property arise, the party acquiring the affected Property shall have twenty (20) days from notice thereof to review and object to these additional items. State's failure to timely provide a Title Notice shall be deemed its disapproval of all title matters set forth in the Preliminary Commitment.

(c) Neither party shall be obligated to remedy or cure any title objection, or otherwise respond to a Title Notice. However, State and Exchanger, each by the exercise of its reasonable efforts and with due diligence, shall, prior to or at the Closing Date, each at its sole cost and expense, undertake to cure any title exceptions that have been objected to or disapproved by the other party; provided that in the event Exchanger or State is unable to cure such objections, Exchanger or State shall so advise the other party in writing no later than five (5) days after expiration of the review period described in Section 4.3(b) above and thereafter the affected party shall have ten (10) days within which to notify the other party of its election to either (i) accept title subject to such exceptions or (ii) reject such exceptions and terminate and cancel this Agreement. A failure to give such written election within said ten (10) day period shall be deemed an election by said party to reject such objections to title. In the event a party elects to terminate, the rights and obligations of the parties shall terminate and any monies

deposited by a party pursuant to this Agreement shall be returned to the party depositing the same. Prior to Closing, State and Exchanger shall use reasonable efforts to negotiate an agreed schedule of Permitted Exceptions for each of the Properties.

(d) State's obligations under this Agreement are conditioned upon the title company identified in the Preliminary Commitment ("Title Company") insuring title to the Exchange Property in the name of State and in the amount of State's appraised value of Exchange Property, subject only to the exceptions contained in the ALTA Owner's Standard Policy Form, and the Permitted Exceptions.

5. Rights After Acceptance.

5.1 Inspection. After the Effective Date, each party shall permit the other and/or its designated agents to enter upon the other's Property at reasonable times for the sole purpose of conducting environmental assessments and investigating such Property and the physical condition thereof, including, without limitation, soil, water, and air conditions, and the condition of improvements, if any, upon the Property. Exchanger's obligations in this regard may be satisfied by obtaining the agreement of the sellers of the Exchange Property to permit State's access thereto for the foregoing purposes.

5.2 Studies.

(a) Existing Studies. Within thirty (30) days of the Effective Date, each party shall deliver to the other true copies of all studies, reports, surveys, soils tests, reviews, correspondence with all governmental entities, environmental checklists and reports, plans and other printed or written material and any part thereof prepared or received by, or on behalf of, the owner of such party's Property (all of which are collectively referred to as "Existing Studies"). Each party hereby authorizes the other party to speak with any person preparing the Existing Studies with respect to the contents thereof. State shall not be responsible for any cost associated with Existing Studies that relate to the Exchange Property, and Exchanger shall not be responsible for any cost associated with Existing Studies that relate to the State Property.

(b) New Studies. Each party shall have the right to prepare, or have prepared, appraisals, market and engineering studies, soils tests, feasibility studies, surveys, resurveys or survey updates, environmental investigations and such other tests, studies or investigations (all of which are collectively referred to as the "New Studies") with respect to the Property owned by the other party. Each party shall be solely responsible for costs of all the New Studies commissioned by that party. Neither party makes any representations or warranty as to the accuracy of the Existing or New Studies.

(c) Termination Rights. If either party determines prior to the Inspection Deadline set forth below, each in its sole discretion, that the Existing and/or New Studies indicate the Property is not suitable for the intended use by that party, or such Property otherwise presents risk of liability unacceptable to that party, that party may terminate this Agreement by written notice without further obligation. As used herein, the "Inspection Deadline" shall mean the period commencing on the Effective Date and ending sixty (60) days

thereafter. In the event that either party fails to give the other such written disapproval prior to the Inspection Deadline, such party shall be deemed to have elected to proceed to Closing under this Agreement, subject to the terms and conditions stated herein.

5.3 Subsequent Acts. Between the Effective Date and the Closing Date, neither party shall remove any timber, improvements, minerals, sand, gravel, or other item from either Property without prior written approval by the other party. Exchanger's obligations in this regard may be satisfied by making good-faith efforts to prevent the seller of the Exchange Property to comply with this Section 5.3.

5.4 Survey. Exchanger may, at Exchanger's sole cost, obtain a survey, resurvey, or an update to an existing survey (hereinafter a "Survey") of the Exchange Property and/or the State Property, which shall be performed by a land surveyor licensed by the State of Washington and which shall certify the location of all improvements, easements, encroachments and boundary defects on the Property. Prior to Closing Date, Exchanger shall record any Survey(s) in the real property records of King County.

6. Contingencies.

6.1 State Approval. State's obligations under this Agreement are contingent upon the following conditions:

(a) Commission Approval. State's obligations under this Agreement are conditioned upon approval by the Washington State Parks and Recreation Commission (the "Commission"). If, on or before ninety (90) days after the Effective Date, State has not delivered to Exchanger written notice of Commission approval (the "Approval Notice") to consummate the acquisition of the Exchange Property, then either State or Exchanger may terminate this Agreement any time thereafter by giving written notice of termination to the other party.

(b) LWCF Approval. Exchanger acknowledges that the State Property is encumbered by a restriction based on funding from the Land and Water Conservation Fund ("LWCF"). Notwithstanding any prior execution of the Lease, State's conveyance of the Lease is subject to approval by the National Park Service and the Recreation and Conservation Office.

6.2 Exchanger's Conditions. Exchanger's obligations under this Agreement are contingent upon the following conditions, any of which may be waived in Exchanger's sole discretion:

(a) Permits. Exchanger having obtained all zoning entitlements and permits from the City of Kenmore and such other governmental agencies as are necessary for Exchanger's intended use of the State Property.

(b) Legal Lot. Exchanger having obtained all required governmental approvals for a lot line adjustment or similar recordable instrument establishing the State Property as a separate legal lot (the "Lot Line Adjustment") if required by local law, the Title Company or Exchanger's lender, and all applicable appeal periods having expired without challenge to the Lot Line Adjustment.

6.3 Mutual Conditions. The obligations of both Exchanger and State under this Agreement are further subject to and contingent upon the following:

(a) The Appraisals having been completed and accepted by Exchanger and State, and the appraised value of each Property having been determined to ensure a fair market exchange.

(b) The truth and accuracy as of the Closing Date of all representations and warranties set forth in this Agreement or in any instrument or document delivered hereunder.

(c) The delivery on or prior to Closing of all documents and instruments required by the terms of this Agreement.

(d) The performance on or prior to Closing of all acts required under this Agreement.

(e) The absence at Closing of any violation of any federal, state or local law, rule, regulation or ordinance affecting the use, occupancy or condition of the Exchange or State Property.

(f) The absence at Closing of any failure to comply with the order of any court, government authority or agency pertaining to the Exchange or State Property or the use, occupancy or condition thereof.

(g) The absence at Closing of any proceeding or threat of any proceeding to condemn all or any part of the Exchange or State Property by a proceeding in eminent domain.

(h) As to each Property, conveyance of acceptable title as provided in Section 4.

6.4 Waiver. If any condition specified in Section 6.1, 6.2 or 6.3 is not satisfied at or prior to Closing, then the party who is entitled to enforce such condition may elect in writing to either waive the condition or terminate this Agreement. In the event of such termination by either party, neither party shall have any further obligations or liabilities hereunder except those obligations and liabilities, if any, which expressly survive termination of this Agreement.

7. Representations and Warranties. The parties make the following representations and warranties as to their respective Property. Each of the representations and warranties shall be deemed made as of the Effective Date and shall be deemed to have continued to be accurate through Closing (unless otherwise agreed by the parties) and shall survive Closing.

7.1 Title. As of the Effective Date, title to the Exchange Property is vested as set forth in Exhibit A and title to the State Property is vested in State. Exchanger's affiliate, Daniels, is vested with a contractual right to purchase the Exchange Property and Exchanger covenants to cause Daniels to assign such right to Exchanger prior to the Closing Date.

7.2 Litigation. To the best of the Exchanger's or State's knowledge, there is no pending or threatened litigation affecting either the Exchange Property or the State Property respectively.

7.3 Authorization. Exchanger and State each have the right and authority to enter into this Agreement and all documents contemplated by this Agreement, to make the representations and warranties set forth herein and to perform this Agreement in accordance with its terms.

8. Destruction or Condemnation. Each party shall bear the risk of loss associated with its Property prior to Closing. If, on or before the Closing Date, either Property is materially damaged, or condemnation proceedings are commenced with respect to such Property, then the party acquiring that Property shall have the right, at its sole election, by giving written notice to the other, either to terminate this Agreement or to exchange the Property in accordance with this Agreement. If a party elects to terminate this Agreement, all rights and obligations of the parties shall terminate except those, if any, that expressly survive termination hereunder. If a party elects to exchange the Property in accordance with this Agreement, the party acquiring the damaged or condemned property shall be entitled to receive from the other party an assignment of such party's rights in all insurance proceeds or condemnation awards payable by reason of such damage or condemnation. Each party shall immediately give notice to the other upon the occurrence of any material damage to their Property or the initiation of any condemnation proceedings affecting their Property. The term "material damage" as used in this Section 8 shall mean any damage or destruction which exceeds ten percent (10%) of the appraised value of the Property as set forth on Exhibit D.

9. Closing and Closing Costs. Prior to or on the Closing Date, Exchanger and State shall deposit the following documents and funds in escrow with Escrow Company, to be closed in accordance with the instructions of State and Exchanger and consistent with this Agreement:

9.1 Exchanger's Closing Deliverables. Exchanger shall deposit the following:

(a) A duly executed and acknowledged Bargain and Sale Deed conveying the Exchange Property to State (which may be executed by the persons and/or entities identified in Exhibit A in order to effect a "direct deed" to State) and an accompanying Real Estate Excise Tax Affidavit (a "REETA");

(b) Funds necessary to pay Exchanger's costs as specified herein;

(c) Duly executed resolutions of (i) Exchanger and (ii) any grantor identified in the Bargain and Sale Deed who is not a natural person, authorizing the transactions contemplated herein, conveyance of the Exchange Property to State and execution of all documents delivered at the Closing; and

(d) Such other funds or documents, including without limitation, closing instructions, as reasonably required of Exchanger to close the exchange in accordance with this Agreement.

9.2 State's Closing Deliverables. State shall deposit the following:

- (a) A duly executed Lease conveying a leasehold estate in the State Property to Exchanger and a REETA to accompany the Bargain and Sale Deed;
- (b) Funds necessary to pay State's costs as specified herein; and
- (c) Such other funds and documents, including without limitation, closing instructions, as are reasonably required of State to close the exchange in accordance with this Agreement.

9.3 Prorations. All rents and other income, if any, and water, sewer, utility and maintenance charges, and any other expenses with respect to the operation of each Property shall be prorated between Exchanger and State as of the Closing Date, and to the extent information is then available, such proration shall be made as of the Closing Date. Such proration shall be adjusted and completed after the Closing Date as and when complete information becomes available, and State and Exchanger agree to cooperate and use their best efforts to complete such prorations not later than sixty (60) days after the Closing Date. No insurance prorations shall be made. Each party shall pay any assessments charged against its Property in full prior to or at Closing unless otherwise agreed to in writing. Exchanger shall pay all real estate taxes and personal property taxes related to the Exchange Property, if any, through the Date of Closing. In the event Exchanger has prepaid any real estate taxes, Exchanger may seek a refund from the appropriate county official. State shall have no obligation to refund or pay any such amount to Exchanger. Exchanger shall pay any real estate excise tax due, and the cost of any revenue stamps, if applicable, required to complete this transaction. Each party will pay one half of any recording fees, except that Exchanger shall be solely responsible for the cost of recoding any security instruments required by its lender.

9.4 Compensating Tax. Exchanger shall pay, or cause to be paid, any and all compensating tax, as defined under chapters 84.33 RCW or 84.34 RCW that may come due as a result of this transaction.

10. Survival. The representations, warranties and obligations (to the extent such obligations are not fully performed at Closing) contained herein are intended to survive Closing and shall be deemed not to have merged into the Bargain and Sale Deed.

11. Real Estate Commission. Exchanger shall pay any real estate commission payable in connection with this transaction. Any real estate agent or broker acting in this transaction shall be deemed to be the sole agent of Exchanger.

12. Notices. All notices, demands, requests and other communications given pursuant to this Agreement shall be in writing and: (i) mailed by first class, United States Mail, postage prepaid, certified, with return receipt requested; (ii) hand-delivered to the intended addressee; (iii) sent by a nationally recognized overnight courier service; or (iv) sent by facsimile transmission or e-mail during normal business hours followed by a confirmatory letter sent in another manner permitted hereunder. All such notices shall be addressed to the intended recipient at the following addresses:

To Exchanger: The Lodge at Saint Edward Park, LLC
c/o Daniels Real Estate, LLC
2401 Utah Avenue South, Suite 305
Seattle WA 98134
Attn: Kevin Daniels
E-mail: Kevin.Daniels@danielsre.com

With copy to: Ryan, Swanson & Cleveland, PLLC
1201 Third Avenue, Suite 3400
Seattle, WA 98101-3034
Attn: Brian L. Lewis
Telephone: 206-654-2206
E-mail: Lewis@ryanlaw.com

To State: Washington State Parks and Recreation Commission
Attn: Lands Program
P.O. Box 42650
Olympia, Washington 98504-2650
E-mail: LandProg@parks.wa.gov

With copy to: James R. Schwartz
Assistant Attorney General
Fish, Wildlife & Parks Division
1125 Washington Street SE
P.O. Box 40100
Olympia, Washington 98504-0100
Phone: (360) 586-4034
Email: jims@atg.wa.gov

The foregoing addresses may be changed by written notice.

13. Miscellaneous.

13.1 Entire Agreement. This Agreement and the Exhibits attached hereto constitute the entire agreement between the parties with respect to the subject matter hereto. All prior and contemporaneous negotiations, understandings and agreements, whether oral or written, are merged herein.

13.2 Binding Nature. All rights and obligations arising out of this Agreement shall inure to the benefit of and be binding upon the respective successors, heirs, assigns, administrators, executors and marital communities, if any, of the parties hereto.

13.3 Washington Law. This Agreement shall be construed, interpreted and enforced pursuant to the laws of the State of Washington. Venue shall be in Thurston County. The terms of this Agreement shall be given their ordinary meaning and shall not be presumed construed in favor of or against either party hereto.

13.4 Time of the Essence. Time is of the essence of this Agreement. No waiver or consent to any breach or other default in the performance of any of the terms of this Agreement shall be deemed to constitute a waiver of any subsequent breach of the same or any other term or condition hereof. In the event time for performance falls on a weekend or legal holiday designated by the United States or Washington State, performance shall be deemed to be timely rendered if so rendered on the next business day.

13.5 Captions. The captions and section headings hereof are inserted for convenience purposes only and shall not be deemed to limit or expand the meaning of any section.

13.6 Invalidity. If any provisions of this Agreement shall be invalid, void or illegal, it shall in no way affect, impair or invalidate any of the other provisions hereof.

13.7 Counterparts. This Agreement may be signed in counterparts, any one of which shall be deemed an original.

13.8 Effective Date. The Effective Date of this Agreement shall be the date on which the last party executes this Agreement. Said date shall be inserted on the first page hereof when such date is determined.

13.9 Good Faith. Both parties shall act reasonably and in good faith in order to consummate this transaction, and neither party shall sell nor dispose of any of its Property nor cause or suffer the creation of any matter of record, or defect in the title to its Property for the purpose of avoiding its obligation to close.

13.10 Default. In the event that either party defaults in the performance of any of that party's obligations under this Agreement, the non-defaulting party shall have all remedies available in law or equity, but neither party shall be liable for consequential damages.

13.11 Assignability. This Agreement shall not be assigned without the prior written consent of the other party, which shall not be unreasonably withheld.

13.12 Advice of Counsel. Exchanger acknowledges that it has had an opportunity to seek independent legal advice regarding this transaction.

13.13 Exhibits. The following exhibits are attached and shall be incorporated into this Agreement by reference.

Exhibit A	Legal Description and Vesting of Exchange Property
Exhibit B	Legal Description of State Property
Exhibit B-1	Leasehold illustration
Exhibit C	Lease
Exhibit D	Form of Bargain and Sale Deed

IN WITNESS WHEREOF, the parties have executed this Agreement the date and year set forth opposite their respective names.

EXCHANGER:

Date: _____, 2016

THE LODGE AT SAINT EDWARD PARK, LLC

By: Daniels Real Estate, LLC, its Manager

By: _____
Name: Kevin D. Daniels
Its: Manager

STATE:

Date: _____, 2016

STATE OF WASHINGTON, PARKS AND
RECREATION COMMISSION

By: _____

Title: _____

Approved as to Form this ____ day of
_____, 2016.

Assistant Attorney General
State of Washington

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

WITNESS my hand and official seal hereto affixed this ____ day of _____, 2016.

My Appointment Expires: _____.

STATE ACKNOWLEDGMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 2016, personally appeared before me _____, to me known to be the _____ of the Parks and Recreation Commission, State of Washington, who executed the within and foregoing instrument on behalf of the State of Washington, and acknowledged said instrument to be the free and voluntary act and deed of the State of Washington for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed this ____ day of _____, 2016.

(Signature of Notary)

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State
of Washington

My Appointment Expires: _____.