

Attachment 4

VIA FAX/CONFIRMING LETTER BY MAIL

Mr. James E. Warjone
Chairman & General Partner
Port Blakely Tree Farms
1325 Fourth Avenue, 10th Floor
Seattle, WA 98101-2524

Re: Real Estate Purchase and Sale Agreement dated as of May 13, 2003 (the "PSA") between Treemont LLC, a Washington limited liability company ("Seller") and Cascade Land Conservancy, a Washington nonprofit corporation ("Cascade") and its successors and assigns, which assigns include King County, a political subdivision of the State of Washington ("King County") (collectively, "Buyer")

Removal of Cascade's Feasibility Contingency

Dear Mr. Warjone:

I am writing to inform you that Cascade Land Conservancy is removing the feasibility contingency described in Section 4.2 of the PSA. As required under Section 2.3 of the PSA, Cascade will deposit within five business days of this letter its earnest money note of \$100,000 with First American Title Insurance Company to be held in escrow as earnest money.

Under the PSA, Cascade is acquiring "[a]ll of the interest of Seller, and Port Blakely Communities, Inc., in any and all studies, engineering drawings, permits, approvals, agreements, utility contracts, licenses, warranties and guarantees and other rights relating to the ownership, use, permitting or operation of the Property." We have determined that it will be necessary for Seller and/or Port Blakely Communities, Inc. to undertake before or at closing certain affirmative actions to accomplish transfer of these interests and rights. At this time, we are aware of at least two instances where such action will be necessary:

- (1) *Developer Extension Agreement.* Port Blakely Communities, Inc. ("PBC") is party to a Developer Extension Agreement with Sammamish Plateau Water and Sewer District ("SPWSD") relating to the use, permitting and operation of the Property. Cascade desires to become a party to the Developer Extension Agreement. SPWSD

needs to approve any proposed assignment in advance. Thus, in order for Cascade to become a party to the agreement, Cascade will prepare and sign, and PBC will co-sign (provided that such document contains reasonable terms with respect to PBC), the request to SPWSD for approval of the proposed assignment and then PBC will need to execute an assignment of the agreement to Cascade if SPWSD approval is obtained, which assignment if signed by PBC before closing will be placed in escrow until closing.¹ Cascade has the responsibility to provide all information to and satisfy any requirements or conditions of SPWSD relating to this assignment.

- (2) *Preliminary Plat Application.* PBC is the applicant for preliminary plat approval of a residential development relating to the use, permitting and operation of the Property, which approval is pending on appeal before the King County Council. Cascade, or its assigns, desires to step into PBC's shoes as the applicant on the preliminary plat application. In order for Cascade, or its assigns, to take over PBC's position as applicant, it may be necessary for PBC/Cascade to inform the King County Council of the sale of the property to Cascade subject to a conservation easement held by King County, inform the King County Council of whom the applicant will be, and request that the King County remand the matter back to the Hearing Examiner with the requirement that the applicant revise the proposal in light of the conservation easement that would then encumber the property. Cascade will prepare and sign, and PBC will co-sign (provided that such documents contain reasonable terms with respect to PBC), the requests to the King County Council set forth in the preceding sentence, which requests will be placed in escrow until closing.

There likely are other interests or rights relating to the ownership, use, permitting or operation of the Property that will similarly require affirmative actions on the part of the Seller or PBC.

As we discussed, the PSA did not address specifically the procedures for Treemont/PBC to transfer these various interests or rights. Accordingly, we have enclosed a Second Amendment to the PSA to address the execution of such documents. Cascade will identify and draft all the documents it will need to effect the transfers of the interests or rights it wants relating to the ownership, use, permitting or operation of the Property.

We have discussed with Jim Greenfield, Seller's counsel, the proposed amendment and understand that it is acceptable to Seller. Please forward us a copy at your earliest convenience.

¹ Paragraph 3, page A-2 of the Agreement provides as follows: "The Developer's rights and responsibilities arising out of this Agreement are not assignable unless District consent is obtained, as conditioned by the District, prior to any proposed assignments. Written documents as required by the District of any District approved assignment shall be filed with the District by the Developer herein at the time of any assignment."

Mr. James E. Warjone
July 3, 2003
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Cascade looks forward to working with Seller to bring this transaction to a prompt and successful close. If you have any questions about this letter, please do not hesitate to contact me at (206) 370-8385.

Very truly yours,

PRESTON GATES & ELLIS LLP

By
Konrad J. Liegel
Attorneys for Cascade Land Conservancy

KJL:kjl

Enclosure

cc: James A. Greenfield, Davis Wright Tremaine LLP (via fax)
Gene Duvernoy, Cascade Land Conservancy (via mail)
Michelle Connor, Cascade Land Conservancy (via mail)
J.M. Allen, Allen & Company, LLC (via mail)
Faith Roland, King County (via fax)
Kevin Wright, King County (via mail)
Shari Workman, First American Title Insurance Company (via fax 253-671-5813)

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