

TRACE LOFTS
PURCHASE RESERVATION AGREEMENT

_____, 2007

Trace Lofts LLC
c/o ek Real Estate Group
Fisher Plaza
100 Fourth Avenue North
Suite #155
Seattle, WA 98109

1. **Parties.** The parties hereto are Trace Lofts LLC (“Seller”) and the undersigned Buyer.
2. **Reservation.** Buyer is interested in the condominium which Seller is constructing at 1400 12th Avenue in Seattle, Washington. Buyer understands that this will become known as Trace Lofts, which is currently anticipated to contain 42 residential units and 2 commercial units. Buyer would like to reserve a right to purchase Unit No. XXX, which is to be located on the XXX side of floor numbered XXX (X) in the Trace Lofts building.
3. **Priority of Reservation.** Buyer’s priority to purchase the unit is indicated by the box checked opposite Buyer’s signature below. If this is a second or third priority reservation, Buyer’s right to purchase is conditioned upon the termination of any purchase reservation for this unit with higher priority that is held by another purchaser. Buyer agrees that any other reservation for this unit may be modified, extended or reinstated by Seller or assigned with Seller’s permission without affecting its priority. If there are any reservations for this unit that are prior to Buyer’s, and if those prior reservations are terminated, Seller shall notify Buyer in writing and Buyer shall automatically move up in priority unless, at that time, Buyer has a first priority reservation to purchase any other unit in the condominium. In that case, Buyer shall have three (3) days after being given Seller’s notice to elect in a written notice to Seller to terminate the other reservation and retain this one. Buyer may hold only one first priority purchase reservation at a time, and if Buyer does not respond to Seller’s notice within such period, its reservation for this unit shall automatically terminate without further notice. If Buyer elects to transfer its first priority reservation to this unit, any deposit made by Buyer shall automatically transfer to this unit. If this reservation becomes a first priority reservation and the deposit previously made by Buyer is less than the deposit required in this Agreement, Buyer shall increase its deposit to the amount required for this unit at the time it confirms its election.
4. **Deposit.** Buyer hereby delivers its reservation deposit in the amount of \$X,XXX (XXXX dollars) with this Agreement, which will promptly be placed in escrow with

Fidelity National Title Insurance Company in Seattle, Washington. If Buyer executes a purchase and sale agreement as stated in this Agreement, this deposit, along with any interest earned, will become part of its earnest money.

- 5. Purchase Price.** The purchase price has not yet been established, but will be identified when Seller provides Buyer with a purchase and sale agreement. The price of this Unit has been designated as a “Level I,” which indicates a projected sales price between **\$XXX,XXX (XXXX dollars)** and **\$XXX,XXX (XXXX dollars)**, but that range is only an estimate and is not guaranteed. The price will be paid entirely in cash at the closing of Buyer’s purchase. It includes only the unit shell, plus the carpet, flooring, kitchen cabinets, kitchen appliances, bathroom fixtures, and heating fixtures which Seller elects to sell as the standard furnishings in all or substantially all of the units of this general type and floor level in this condominium.
- 6. Execution of Contract.** Buyer understands that to continue its right to purchase the unit, it must sign Seller’s standard form of purchase and sale agreement without modification at Seller’s sales presentation center in Seattle at the date, time and place to be provided to Buyer (the “Purchase Appointment”). That agreement will identify at least one parking space and one storage locker that will be assigned to Buyer’s unit. If Buyer (and Buyer’s spouse, if married) does not execute the contract in person at the Purchase Appointment, this Agreement and any rights Buyer has to purchase this unit will automatically terminate without notice and Seller will promptly refund Buyer’s deposit with interest. If the purchase and sale agreement is signed by both parties, it will govern the disposition of that deposit. Buyer’s execution of a purchase and sale agreement will automatically terminate any other purchase reservations Buyer holds for any other units in the condominium.
- 7. Financing Approval.** Seller [X] has [] has not (**check one**) received notice from First Horizon that Buyer is preapproved for a loan. If Buyer has not been preapproved through First Horizon, then Buyer will provide that approval from First Horizon within two (2) days after the date of this Agreement. If Buyer fails to do so, then Seller may terminate this Agreement. Seller reserves the right to terminate this Agreement if at any time Seller learns that Buyer’s circumstances change such that Buyer is no longer qualified to purchase. At such time, Seller shall cause escrow to return the deposit to Buyer along with any interest earned. Buyer will be solely responsible for obtaining its financing in connection with this purchase from a lender selected by Buyer, and the purchase and sale agreement will require Buyer to provide evidence that it will qualify to do so.
- 8. Representations / Obligations.** Buyer acknowledges that no representations have been made to Buyer about Trace Lofts and that any representations will be confined to those contained in the purchase and sale agreement. This reservation applies only to Trace

Lofts and not to any other project, including the adjoining development to be known as Trace North, or to the sale of the entirety of the condominium to a single purchaser. This reservation does not obligate Seller to construct or complete Trace Lofts, to sell units in it if it is constructed, or to furnish, finish or equip any units in any particular manner. As completed, Trace Lofts may be different in significant respects from what is currently anticipated or projected, and Buyer acknowledges that Seller may or may not be the declarant in the condominium, and that if Seller is not the declarant, Seller will have no responsibility for the declarant's obligations. However, so long this reservation remains in effect, and unless this unit is sold to another purchaser with a higher reservation priority, Buyer will have the right to buy the unit identified above on the terms presented to Buyer in the purchase and sale agreement.

- 9. Termination.** Buyer may terminate this reservation and all of its purchase rights by written notice to Seller or its agent at the address stated above at any time before it otherwise terminates or expires or Buyer signs the purchase and sale agreement. No terminated or expired reservation may be reinstated. Buyer understands that if this reservation is subject to a reservation with a higher priority or if this reservation is terminated or expires, Seller may sell the unit to any other person for such price and on such terms and conditions as Seller shall find acceptable in its sole discretion at that time, whereupon this reservation shall automatically terminate. Except for the conversion of Buyer's deposit into its earnest money under a purchase and sale agreement executed by Seller and Buyer as stated in Section 4 above, Seller shall refund such deposit to Buyer upon any termination of this reservation.
- 10. Entire Agreement.** Buyer acknowledges that no representations have been made regarding the likely market value or appreciation in value of any unit in Trace Lofts. There are no other representations or agreements between Buyer and Seller which relate to Trace Lofts, nor does Buyer have any rights to purchase a unit in Trace Lofts beyond those set forth in this letter. None of the conditions or terms of this letter may be modified or waived except by written agreement executed by Seller and Buyer.
- 11. Assignment.** Buyer understands that this reservation is personal to Buyer and may not be assigned to any other person without Seller's express prior written consent in each instance. Buyer confirms that this reservation is executed by Buyer solely for its personal use and that Buyer is not acting as a broker, agent or nominee for any third party with respect to this reservation, nor may Buyer do so in the future. Buyer also acknowledges that Seller has the right to void this reservation if any of these representations is or becomes untrue in any respect.

12. Term. This reservation shall become effective on the date of mutual acceptance as stated below. Unless earlier terminated by Buyer or extended by mutual agreement, and unless both parties have each executed and delivered a purchase and sale agreement to the other, it shall automatically expire on the earlier of May 31, 2007 or the date of Buyer's Purchase Appointment, regardless of whether a purchase and sale agreement has been offered to Buyer by that date, at which point Buyer's deposit shall be returned and neither party shall have any further obligation to the other.

Buyer's reservation for this Unit is
(check one):

- First Priority
- Second Priority
- Third Priority

Buyer(s):

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

Residence Address:

Telephone: (____) _____

E-mail: _____

ACCEPTED AND AGREED TO this _____ day of _____, 2007.

TRACE LOFTS LLC,
a Washington limited liability company

By: GTS Development LLC, its Manager

By: _____
G. Ted Schroth, its Manager