

MCMURRAY FIR LOG AND STUMP PURCHASE AND SALE AGREEMENT
(Skagit County, Washington)

THIS MCMURRAY FIR PURCHASE AND SALE AGREEMENT (this “Agreement”) dated for reference purposes only as of August 31, 2015, is made by and between FREEBORN CHURCH, a Washington nonprofit corporation (“Buyer”), and PACIFIC DENKMANN COMPANY, a Washington corporation (“Seller”).

1. Agreement to Buy and Sell Certain Timber. Buyer hereby agrees to purchase from Seller, and Seller hereby agrees to sell to Buyer, subject to the terms and conditions contained herein, the remains of one (1) felled Douglas fir tree commonly known as the “McMurray Tree,” which was felled in or around 1892, and four (4) existing tree stumps, one of which is 14 to 17 feet in diameter, all of which are depicted on the photographs attached hereto as Exhibit A (the “Timber”), located as depicted on the drawing attached hereto as Exhibit B, within the real property legally described on Exhibit C attached hereto, for the Purchase Price described below. The Timber shall be marked by Seller within five (5) business days after the making of this Agreement. One of the four tree stumps may be a “practice stump” on which Buyer or Buyer’s contractor may rehearse cutting and removal before cutting and removing the remaining Timber. Buyer shall select the practice stump, subject to Seller’s approval, which shall not be unreasonably conditioned, delayed, or withheld. Stumps will be cut and not excavated.
2. Purchase Price; Payment. Buyer hereby agrees to pay Seller the amount of Sixty Thousand Dollars (US\$60,000) (the “Purchase Price”) for the Timber, which amount shall be payable in full in cash or cash equivalent upon the making of this Agreement (after the approval of Seller of Buyer’s insurances). All dollar amounts stated in this Agreement are in the currency of the United States of America.
3. Title and Risk of Loss. Title to and risk of loss of the Timber shall pass to Buyer upon the date of mutual acceptance of this Agreement.
4. Government Permits. Buyer shall be solely liable for obtaining any and all governmental approvals and permits required for the severance and removal of the Timber from the Property. Prior to Buyer commencing any work within the Property, Buyer shall present evidence to Seller that Buyer has disclosed in writing its proposed removal of the Timber to both the Washington State Department of Natural Resources and Snohomish County and either obtained all required approvals and permits from such government agencies or been assured in writing that no such approvals or permits are required. Buyer shall comply with all of the requirements of all applicable approvals and permits.
5. Costs. Buyer shall pay all costs, expenses, fees, and taxes relating to the ownership, management, cutting, harvest, removal, transport, or sale of the Timber, including, without limitation, logging and hauling costs, timber excise, severance and harvest taxes, permits and notifications. Buyer shall also be responsible for and pay the costs of any and all fire trails, clearing, fire protection, abatement or suppression activities, road haul signs, construction, repair and restoration of landings, skid roads, and logging roads, slash piling and spreading, and other activities conducted or required in connection with

owning, managing, harvesting or removing the Timber, including, without limitation, any reforestation required in connection with the harvesting of the Timber, and all other requirements and obligations with respect thereto that may be imposed by local, state and/or federal standards, laws or regulations, or by the Washington Forest Practices Act, or by any permit required or issued in connection with the harvest of the Timber, or by the Washington State Department of Natural Resources, Snohomish County, or other governmental entity or agency.

6. Term of Agreement. The term (“Term”) of the Agreement shall expire on December 31, 2015 or 120 days after making of this Agreement. All of Buyer’s rights to cut and remove the Timber shall automatically expire and terminate at the end of the Term. After the end of the Term, Buyer shall continue to be liable for any uncompleted obligations of Buyer under this Agreement, including without limitation all payment, slash disposal, reforestation, and road maintenance obligations.

7. Insurance. Prior to the commencement of any work by Buyer within the Property, and at all times during the term of this Agreement, Buyer shall maintain the following insurance coverage, in full force and effect, with one or more reputable insurers who are licensed to do business in the State of Washington:

7.1 Commercial general liability (“CGL”) insurance, on ISO Occurrence Form CG 00 01 01 96 (or a substitute form providing equivalent coverage), with a limit of not less than the amounts set forth below. If such CGL insurance contains a general aggregate limit, it shall contain an endorsement that the limit will apply separately to this transaction. The CGL policy shall cover liability from premises, operations, independent contractors, liability assumed under this Agreement, products/completed operations and personal injury and advertising injury.

7.2 Loggers Broad Form Property Damage Liability Insurance, with contractual liability exclusion deleted, with a limit of not less than the amounts set forth below. Such insurance shall cover damage to Seller’s property and shall also include third-party property damage insurance covering claims arising from fires caused by Buyer, its agents, employees, contractors or subcontractors or otherwise, from not taking reasonable measures to prevent fires, or reduce the danger of fire spreading from an additional fire hazard or from permitting the existence of an extreme fire hazard, including, without limitation, claims for statutory fire-fighting costs.

7.3 Commercial automobile liability insurance, on ISO form CA 00 01 (or a substitute form providing equivalent coverage), with a limit of not less than the amounts set forth below, including coverage for owned, non-owned, and hired automobiles.

7.4 Worker’s Compensation (or Washington State L&I) coverage in effect for all of Buyer’s employees, and Employer’s Liability insurance, with a limit of not less than the amounts set forth below.

7.5 Minimum insurance limits required under this Paragraph:

General Liability Bodily Injury and Property Damage Combined Single Limit	\$4,000,000 Each Occurrence \$4,000,000 General Aggregate
Personal and Advertising Injury	\$1,000,000 Each Occurrence
Logger's Broad Form Coverage	\$5,000,000 Each Occurrence \$5,000,000 Aggregate
CGL Products/Completed Operations Liability	\$4,000,000 Aggregate
Automobile Liability Log Trucks Heavy Trucks > 20,000 GVW All other	\$4,000,000 Each Occurrence \$4,000,000 Each Occurrence \$4,000,000 Each Occurrence
Workers' Compensation and Employers Liability Workers' Compensation Employers Liability	Statutory \$1,000,000 Each Accident \$1,000,000 Disease Policy Limit \$1,000,000 Disease Each Employee

7.6 All insurance policies shall name Seller, its successors and assigns as additional insureds, and shall provide for no termination or material reduction in coverage without at least thirty (30) days prior written notice to Seller. All of the above coverage will be primary to and not seek contribution of any insurance available to Seller. Limits of insurance may be satisfied through a combination of Commercial General Liability Insurance and Umbrella or Excess Liability Insurance. Buyer shall furnish one or more certificates evidencing the foregoing insurance coverage prior to the commencement of timber harvest or other activities under this Agreement, and thereafter, on request of Seller, during the continuance of such operations. The above coverage must be placed with an insurer rated by A.M. Best as "A-VIII" or higher.

7.7 At Closing, Seller shall reimburse Buyer in the amount of one-half of the actual cost to Buyer to procure the insurance required by this Agreement, up to a maximum Seller reimbursement of US\$1,000.

7.8 Buyer shall not use or permit activity by any third-party contractor or subcontractor to cut or harvest the Timber, unless such contractor or subcontractor has been approved in writing by Seller prior to any work or activity by such contractor or subcontractor, with such approval not to be unreasonably withheld or delayed, and such contractor or subcontractor has provided Seller with a certificate of insurance showing insurance coverage as set forth below, naming Buyer, Freeborn Church, and Seller as additional insureds. Seller approves Buyer's use of the entities listed on Exhibit D as a contractor to cut and remove any portion of the Timber, provided such contractor

provides Seller with a certificate of insurance as described above. All third-party contractors or subcontractors shall maintain the following insurance limits:

General Liability (on ISO Occurrence Form CG 00 01 01 96, or a substitute form providing equivalent coverage)	\$4,000,000 Each Occurrence
Bodily Injury and Property Damage Combined Single Limit	\$4,000,000 General Aggregate
Products Completed Operations	\$4,000,000 Aggregate
Automobile Liability (on ISO Form CA 00 01, or a substitute form providing equivalent coverage)	
Log Trucks	\$4,000,000 Each Occurrence
Heavy Trucks > 20,000 GVW	\$4,000,000 Each Occurrence
All other	\$4,000,000 Each Occurrence
Logger's Broad Form Coverage	\$5,000,000 Each Occurrence \$5,000,000 Aggregate

Notwithstanding the contrary, Buyer shall not be required to obtain Seller's approval for any log truck or dump truck driver so long as such drivers have the minimum insurance requirements set forth in this Paragraph and name Seller as an additional insured.

8. Representations and Warranties.

8.1 Seller represents and warrants to Buyer that:

(a) Seller, and the person signing on its behalf, has full right, power and authority to enter into and perform this Agreement, and the execution and performance of this Agreement has been duly authorized by all necessary action on the part of Seller.

(b) Seller has not received notice of the presence of endangered, threatened or protected species, or the nesting sites, waterways or critical or protected habitat of same on the Property or the Timber.

(c) Seller has not received notice of the assertion of a claim with respect to the Property or the Timber arising from any treaty, tribal, Native American or other aboriginal rights, claims or restrictions.

8.2 Buyer represents and warrants to Seller that:

(a) Buyer, and the person signing on its behalf, has full right, power and authority to enter into and perform this Agreement, and the execution and performance of this Agreement has been duly authorized by all necessary action on the part of Buyer.

(b) Buyer is financially solvent and has sufficient funds to complete all its obligations under the terms of this Agreement.

9. Buyer's Covenants. Buyer shall not (a) do anything to create any liens, claims, restrictions or encumbrances against the Property or Timber or any violation of any governmental approval or permit relating to the Timber, or (b) change or attempt to change any land use, zoning, tax, environmental, permitting or other governmental or regulatory classification, status or condition of the Property or Timber.
10. Seller's Disclaimer; "AS IS" Sale. Seller has made no representations regarding the volume or quality of the Timber, or the costs or feasibility of removing it from the Property. Buyer has examined the state and condition of the Property and the Timber and is relying solely upon its own inspection and its own knowledge, information, judgment, and experience in entering into this Agreement and is not relying on any representation from Seller or any of its agents. Buyer assumes the responsibility and risks of all defects and conditions, including such defects and conditions, if any, that cannot be observed by casual inspection. Buyer has independently ascertained the applicable zoning, forestry, land use, environmental, endangered and protected species and other ordinances, rules, regulations, restrictions, laws and moratoriums affecting the Property and Timber and Buyer accepts the Property, Timber, roads on or providing access to the Property and all other aspects of the Property and Timber in their present "AS IS" "WHERE IS" condition, without any representation or warranty, express or implied, and waives and releases all claims against Seller with regard to any condition affecting the Property or Timber.
11. Buyer's Operations. In conducting its operations with respect to the Timber and its use of the roads on the Property, Buyer shall comply with all applicable federal, state, and local laws, rules, and regulations, including, without limitation, applicable provisions of the Washington Forest Practices Act and the rules and regulations issued thereunder, the provisions of all governmental approvals and permits, and all laws, rules, and regulations relating to worker safety, fire protection and suppression, hazardous materials and substances, and road construction, repair, and maintenance. Buyer shall operate in accordance with best logging practices to avoid breakage and damage to the Timber and to excepted and adjoining timber. Buyer shall not alter or construct any road within the Property without Seller's prior written consent.
12. Access. Roads accessing the Timber are owned or controlled by Seller. Buyer, its agents, contractors, and employees, shall not enter the Property or commence any work within the Property unless and until Seller has granted Buyer a written access permit. Buyer shall comply with the terms and conditions of any written access permit issued by Seller and shall cease access within the Property upon the revocation, expiration, or other termination of the access permit. A representative of Seller shall accompany Buyer within the Property at all times (Cary Hayden, the Church Caretaker, can serve as the

Seller Representative and will oversee all activities thereon/in).

13. Tax Classification. Buyer shall not take any action to change the ad valorem tax classification or designation applicable to the Timber or the Property. If a change in classification or designation results from Buyer's actions or from Buyer's failure to carry out its obligations in this Agreement, Buyer shall pay all such compensating tax, interest and penalties, and indemnify, defend and hold Seller harmless therefrom.
14. Indemnification. Buyer shall defend, indemnify and hold Seller, its officers, directors, agents and employees harmless from all claims, losses, injuries, demands, damages, liabilities, penalties or expenses, including, without limitation, reasonable attorneys' fees (a) caused by or arising from or in connection with the operations of Buyer or its agents, employees, contractors or subcontractors under this Agreement; (b) arising from Buyer's failure to comply with any of the terms and conditions of this Agreement; (c) arising from Buyer's failure to comply with any of the terms and conditions of any governmental approval or permit applicable to Buyer's operations under this Agreement, or with any applicable laws or regulations; (d) arising from any negligence, act or omission of Buyer, its agents, employees, contractors or subcontractors; (e) brought or made by any of Buyer's employees, agents, contractors or subcontractors in connection with Buyer's operations or in connection with this Agreement; or (f) made by any persons or entities for trespass on or damage to other property, timber or other forest products, or removal by Buyer or any of its contractors or subcontractors of any timber or other forest products not included in the Timber, or removal by Buyer or any of its contractors or subcontractors of any timber or other forest products from other property; provided, however, that Buyer shall not be required to indemnify Seller if such claim, loss or damage arises from the sole negligence of Seller, its officers, directors, members, agents or employees. Buyer's indemnity obligation hereunder shall not be limited by any workers' compensation, benefits or disability laws, and Buyer waives any immunity that Buyer may have under the Industrial Insurance Act, Title 51 RCW, or similar workers' compensation, benefits or disability laws. The foregoing waiver was mutually negotiated by the parties.

Buyer acknowledges that there are inherent dangers associated with logging operations. Seller, its officers, directors, agents and employees shall not be liable for any personal injuries to or damage to any property of Buyer, its agents, employees, assigns, contractors or subcontractors or other third parties, irrespective of how such injury or damage may be caused. Buyer hereby releases and waives all claims against Seller, its officers, directors, agents and employees with respect to claims, damages or injuries arising from the operations of Buyer under this Agreement. Buyer's obligations under this paragraph shall survive expiration or termination of this Agreement.

15. No Assignment; No Recording; Confidentiality. Buyer shall not assign its rights hereunder to any person or entity without the prior written consent of Seller, which consent may be withheld for any reason that Seller reasonably determines would create increased obligations, risk or liability to Seller under this Agreement. Buyer shall not cause this Agreement or any memorandum or notice hereof to be recorded or placed of public record, nor shall Buyer disclose, prior to closing, the purchase price of the Timber

or other provision of this Agreement or information it discovers about the Property and Timber to any third party other than its lender, appraiser, attorney or representative integrally involved in this transaction on behalf of Buyer.

16. Notices. Notices shall be given at the respective addresses set forth below, to the attention of the persons set forth below. Notices shall be in writing and shall be delivered (a) in person or by private messenger where evidence of delivery is obtained, (b) by facsimile transmission (with reasonable evidence of receipt of transmission and with a confirmation copy mailed no later than the day after transmission), or (c) by certified mail, postage prepaid, with return receipt requested.

If to Seller:

Ben Page
Pacific Denkmann Company
216 First Ave. S., Suite 230
Seattle, WA 98104
Tel: 206-623-4282
Fax: 206-_____

With a copy to:

Allen Staringer
Pacific Denkman Company

Tel: _____
Fax: _____

If to Buyer:

Freeborn Church
c/o David J. Thomsen
2304 300th Street NW
Stanwood, WA 98292
Tel: 360 305 2852 _____
Fax: _____

With a copy to:

Cary Hayden

Pilchuck Living History Farm

2225 300th NW

Stanwood, WA 98292

Tel: 425 754 1124 _____
Fax: _____

Notice shall be effective upon actual receipt. Either party may change its address or facsimile number for notice purposes hereunder by notice to the other party given in accordance with this

section.

17. Seller's Representative. Seller may, by written notice to Buyer, designate a third party as Seller's representative to receive notices, inspect Buyer's operations, and generally act in Seller's stead to supervise Buyer's operations pursuant to this Agreement.
18. Relationship of Parties. In conducting its activities with respect to the Timber, Buyer is not acting as an agent, employee, contractor, partner or joint venturer of Seller, but solely for its own account with respect to its rights to cut the Timber under this Agreement, and is solely responsible for all of its actions, including but not limited to its obligation to confine its operations to the designated Timber within the Property.
19. Inspection. Seller shall have the right at any time to observe and inspect Buyer's operations under this Agreement to determine that Buyer is complying with the terms and conditions of this Agreement and with applicable laws and regulations
20. Default. If Seller defaults hereunder, Buyer, at its election, may (a) terminate this Agreement, or (b) bring an action for specific performance and/or damages. If Buyer defaults hereunder, Seller, at its election, may (a) terminate this Agreement, (b) bring an action for specific performance, (c) terminate Seller's obligations to perform further under this Agreement and bring an action for damages, or (d) pursue any and all remedies in addition to or by way of alternative to the foregoing available at law or in equity. In any suit, action or proceeding, or appeal therefrom, to enforce or interpret this Agreement or any term or provision hereof, or in any bankruptcy proceeding to obtain relief from stay or take other action to protect or enforce its rights and remedies hereunder, the substantially prevailing party shall be entitled to recover its costs incurred therein, including reasonable attorneys' fees.
21. General. Time is of the essence in this Agreement. If the last day of any time period hereunder or a date for performance referenced herein is a Saturday, Sunday or legal holiday in the State where the Property is located, the last day of such specified period or such date for performance shall be extended to the next business day. This Agreement shall be governed by and construed in accordance with the laws of the state where the Property is located. Venue of any action with respect to the enforcement of this Agreement shall be in the county in which the Property is located, or at Seller's option, in King County, Washington. The terms, covenants, indemnities, warranties, representations and obligations herein shall survive the expiration or termination of this Agreement. This Agreement may be modified only in writing, signed by Buyer and Seller. Any waiver of rights hereunder shall be in writing and signed by the waiving party. No failure of either party to exercise any power given hereunder or to insist upon strict compliance with any obligation specified herein, and no custom or practice at variance with the terms hereof, shall constitute a waiver of either party's right to demand exact compliance with the terms hereof. In construing the parties' intent with regard to this Agreement, no greater or stricter construction of any term or provision hereof shall be asserted against a party by reason of such party's being the drafter thereof. Subject to the restriction on Buyer's assignment, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. This Agreement may be

signed in multiple counterparts, which together shall constitute one agreement.

(Remainder of page intentionally left blank.)

THIS AGREEMENT is hereby duly executed by Buyer and Seller on the date shown after the signatures below.

BUYER:

FREEBORN CHURCH,
a Washington nonprofit corporation

By: _____

David J. Thomsen

Its: President _____

Date: _____

SELLER:

PACIFIC DENKMANN COMPANY
a Washington corporation

By: _____

Its: _____

Date: _____

GUARANTY

The undersigned Guarantor absolutely and unconditionally guarantees only the timely payment of the Purchase Price (the "Obligations") of Buyer and no other obligations of Buyer under the Agreement set forth above. Seller under the Agreement shall not be bound to exhaust its recourse or take any action against Buyer or others before being entitled to performance of the Obligations by Guarantor, but Seller may make such demands and take such actions as it deems advisable. Guarantor waives (a) with respect to the Obligations, grace, demand, presentment, notice of dishonor and protest, and (b) notice of (i) nonperformance or other default, and (ii) any other matter regarding the Obligations. Guarantor consents to and waives notice of (a) extension of time for performance of any of the Obligations, (b) amendment or termination of any of the Agreement and waiver by Seller of any provision of the Agreement, (d) release of Buyer or other person liable for any of the Obligations, and (e) cancellation or withdrawal of any guaranty of any of the Obligations. Guarantor represents and warrants that (a) Guarantor is financially interested in Buyer and will receive economic benefit from the making of the Agreement, (b) Guarantor is adequately informed of the financial condition of Buyer, and (c) Guarantor has not relied on any financial information about Buyer furnished by Seller and does not expect Seller to provide any such information in the future. Guarantor hereby authorizes Seller to exercise, in its sole discretion, any right or remedy it may have, or any combination thereof, it being the intent hereof that Guarantor be absolutely, independently, and unconditionally liable to Seller for performance of the Obligations under any and all circumstances. This Guaranty is governed by the laws of the State of Washington. Guarantor agrees to pay all costs and expenses, including legal fees, that Seller may incur to enforce this Guaranty by judicial proceedings or otherwise. Guarantor submits irrevocably to the nonexclusive jurisdiction and venue of the Superior Court of the State of Washington for King County and the United States Federal District Court for the Western District of Washington at Seattle in any action to enforce this Guaranty and agrees irrevocably not to assert in any such action the doctrine of forum non conveniens. The provisions of this Guaranty constitute the entire agreement between Seller and Guarantor. No provisions of this Guaranty may be waived except in writing, and then only in the specific instance and for the specific purpose for which given.

GUARANTOR:

David J. Thomsen

EXHIBITS:

- A- Photographs of the Timber
- B- Drawing
- C- Legal Description of the Property

EXHIBIT A

PHOTOGRAPHS OF THE TIMBER

Original Tree in 1892

17 FEET DIAMETER FIR TREE NEAR McMURRAY, WASHINGTON



Stump as it Exists Today



Log Section of McMurray Fir



Combined Picture of Log & Stump



1 of the 3 Additional Stumps (Red Cedar)



2nd of the 3 Additional Stumps (Red Cedar)



EXHIBIT B

LOCATION

Site of Stumps (best guess)



2 Cedar stumps are within 100 yards of the McMurray Fir Stump & Log Practice stump will be randomly selected with Guidance from Tree Farm management.

EXHIBIT C

LEGAL DESCRIPTION OF THE PROPERTY

Parcel Number	XrefID	Quarter	Section	Township	Range
P17346	330426-4-003-0006	04	26	33	04
Owner Information		Site Address(es)		Map Links	
PACIFIC DENKMANN CO & PILCHUCK TREE FARM		1624 300TH STREET NW		Open in iMap	
STANWOOD, WA 98292				Assessor's Parcel Map: PDF DWF	
2014 Values for 2015 Taxes*		Sale Information		2015 Property Tax Summary	
Building Market Value	\$0.00	Deed Type		2015 Taxable Value	\$12,400.00
Land Market Value	+\$12,400.00	Sale Date		General Taxes	\$151.48
Total Market Value	\$12,400.00	Sale Price	\$0.00	Special Assessments/Fees	
Assessed Value	\$12,400.00	Sale requires NRL disclosure (more info)		Total Taxes	\$151.48
Taxable Value	\$12,400.00				
* Effective date of value is January 1 of the assessment year (2014)					
Legal Description		Definitions			
(80.0000 ac) S1/2 SE1/4 CF-75					

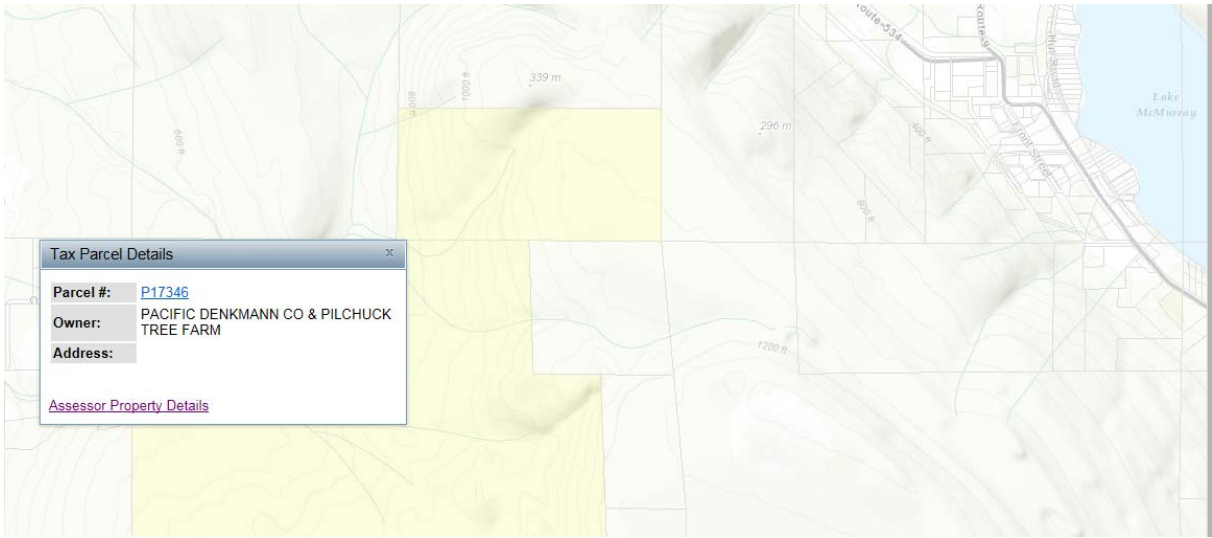


EXHIBIT D

Contractors & Employees Involved

It is planned that employees of the Church and Learning Center, engaged in a joint venture in the creation of Bonhoeffer Botanical Gardens, will use those contractors with whom they have been working the last 3 years for: crane, logging/cutting, and trucking.

All are “from the neighborhood” and believed known to Tree Farm management.

T&T Logging <input type="button" value="Edit"/>	Lenz <input type="button" value="Edit"/>		
Email:	Billing Address: 22845 Rose Road Mount Vernon, WA 98274-9584	Email:	Billing Address: PO Box 868 Stanwood, WA 98292
Phone:	Terms:	Phone: (360) 629-2933	Terms:
Mobile:		Mobile:	
Website:		Website:	
Notes:		Notes:	

Sicklesteel Cranes Inc

Crane Service

Address: 1021 Sicklesteel Ln, Mt Vernon, WA 98274
Phone: (360) 428-3811

The planned destination of these materials in Bonhoeffer Gardens is noted in red below:

