

PROPERTY REPORT

FILED BY:

POPE & TALBOT DEVELOPMENT, INC.

Suite 210, 2722 Eastlake Avenue East
Seattle, Washington 98102

FOR

PORT LUDLOW NO. 1
PORT LUDLOW NO. 2
PORT LUDLOW NO. 3

Port Ludlow
Jefferson County
Washington 98365

AMENDED EFFECTIVE DATE: May 23, 1974

FILE NUMBER: 0080

NOTICE TO PURCHASERS

YOU MAY REVOKE ANY CONTRACT OR AGREEMENT WITHIN 48 HOURS, IF YOU RECEIVED THE PROPERTY REPORT LESS THAN 48 HOURS BEFORE YOU SIGNED THE CONTRACT OR AGREEMENT. NOTICE OF REVOCATION MUST BE BY WRITTEN NOTICE DELIVERED TO THE DEVELOPER OR HIS AGENT. THE TIME PERIOD OF 48 HOURS DOES NOT INCLUDE ALL OR ANY PART OF A SATURDAY, SUNDAY OR LEGAL HOLIDAY.

DISCLAIMER

THIS PROPERTY REPORT IS FOR INFORMATIONAL PURPOSES ONLY. THE WASHINGTON LAND DEVELOPMENT REGISTRATION AND ADMINISTRATION HAS NEITHER APPROVED NOR DISAPPROVED THE MERITS OF THIS OFFERING. THE DEVELOPER IS RESPONSIBLE FOR THE ACCURACY AND COMPLETENESS OF THIS REPORT.

FACTS ABOUT THIS DEVELOPMENT WHICH WILL MAKE PURCHASE A RISK TO YOU ARE PRINTED IN CAPITAL LETTERS AND UNDERLINED.

If you believe that the developer has made any wrong statement in this Property Report, please tell the developer and the

Land Development Registration and Administration
Land Development Chief
P. O. Box # 247
Olympia, WA 98504
Phone: (206) 753-1061

- I. This filing describes the unsold lots, as of the effective date of this filing, within three recorded subdivisions in the Port Ludlow community of Jefferson County, Washington, as follows:

Port Ludlow No. 1	29 lots
Port Ludlow No. 2	130 lots
Port Ludlow No. 3	87 lots
Lots anticipated to be recovered through foreclosure	<u>4</u> lots
TOTAL	250 lots

These lots range in size from approximately 10,450 square feet to approximately 33,550 square feet with the average lot being approximately 13,000 square feet in size. Of the total number of lots subject to this filing, some are located adjacent to the waterfront owned by Ludlow Maintenance Commission, Inc., (an association of property owners at Port Ludlow); some are waterview lots with an overview of Admiralty Inlet and/or Ludlow Bay; some are forested lots and some are Olympic Mountain view lots.

A. Encumbrances

Improvements within Port Ludlow No. 1, Port Ludlow No. 2 and Port Ludlow No. 3 have been paid for in cash by developer. There is no financial encumbrance upon the land or upon any of the developed improvements to the land. Inasmuch as the developer holds the land free and clear, there is no mortgage, deed release provisions, or other such financial encumbrances connected with any lot in this filing.

ALL LOTS OFFERED IN THIS FILING ARE SUBJECT TO DECLARATION OF RESTRICTIVE AND PROTECTIVE COVENANTS AND SUBJECTION TO ASSESSMENT AND UTILITY LIENS APPLICABLE TO THE SPECIFIC SUBDIVISION. These Protective Covenants protect the purchaser and the subdivided property by limiting the use, character of construction, location of dwellings, etc., that are permitted on the filed lots. A NUMBER OF LOTS SUBJECT TO THIS FILING HAVE EASEMENTS SHOWN ON THE RECORDED PLAT OF THE RESPECTIVE SUBDIVISIONS, OR HAVE EASEMENTS SUBSEQUENTLY RECORDED BY THE DEVELOPER THAT MAY AFFECT THE SITING OF A HOME OR OTHER USE OF THE LOT. These easements for drainage, access, underground electrical and sewer systems, or utilities are set forth in the Statement of Reservations, Restrictions, Taxes and Assessments which is given to you simultaneously with this report.

B. Access

All lots subject to this filing are accessible by dedicated public streets that are, or will be maintained by Jefferson County. These streets are fully improved and paved. All improvements thereto have been paid for by the developer. The major access to Port Ludlow is on Jefferson County Road #10 (also known as Port Ludlow Drive), an asphalt surfaced, two-lane road in excellent condition. In addition, Swansonville Road (Jefferson County Road #90) serves as an access to Port Ludlow from the west; this is an asphalt surfaced, two-lane road in excellent condition.

C. Land Use

The plats of Port Ludlow No. 1, Port Ludlow No. 2 and Port Ludlow No. 3 have been approved by the Board of County Commissioners of Jefferson County and filed of record. There are no restrictions or requirements for positive action required by any governmental zoning and planning agencies in conjunction with any lots subject to this filing. SINCE THERE IS NO ZONING ORDINANCE IN JEFFERSON COUNTY, INCOMPATIBLE USES CAN OCCUR ON ADJOINING PROPERTY.

D. Taxes

Jefferson County Real Property Taxes are payable to the Jefferson County Treasurer, Jefferson County Courthouse, Port Townsend, Washington 98368. FOR TAXES PAYABLE IN 1974, PROPERTY SUBJECT TO THIS FILING IS ASSESSED AT 50% OF MARKET VALUE; WHICH HAS HISTORICALLY APPROXIMATED THE SELLING PRICES ESTABLISHED BY THE DEVELOPER. THE 1974 MILLAGE TAX RATE IS \$22.26 PER THOUSAND OF ASSESSED VALUATION. The first half tax installment is due April 30th and the second half tax installment is due October 31st of each year.

The developer pays taxes on all lots subject to this filing for the next tax period when invoiced by Jefferson County. Purchasers of lots in this filing will

be charged the pro-rata balance for the tax period from the date of close of a lot sale, by the developer as reimbursement for prepaid taxes. THE LOT PURCHASER IS RESPONSIBLE FOR PAYMENT OF REAL ESTATE TAXES FROM THE DATE OF CLOSE OF THE LOT PURCHASE, EVEN IF THE PURCHASER IS BUYING THE LOT UNDER A CONTRACT OF SALE.

ALL LOTS IN THIS FILING ARE SUBJECT TO ANNUAL ASSESSMENTS BY THE LUDLOW MAINTENANCE COMMISSION, INC., ASSESSMENTS ARE LEVIED ON A MAY 1ST - APRIL 30TH FISCAL YEAR BASIS AND ARE DUE WITHIN 30 DAYS OF THE NOTICE OF ASSESSMENT AND THEREAFTER BEAR INTEREST AT THE RATE OF 10% PER ANNUM UNTIL PAID. THE 1974-1975 FISCAL YEAR ASSESSMENT IS \$80.00 PER LOT. Assessments are paid directly to the Ludlow Maintenance Commission, Inc., P. O. Box #75, Port Ludlow, Washington 98365. THE BOARD OF TRUSTEES OF THE LUDLOW MAINTENANCE COMMISSION, INC., CAN INCREASE ANNUAL ASSESSMENTS FOR CURRENT OPERATIONS AND MAINTENANCE TO \$96.00 PER LOT PER YEAR. ALL ANNUAL ASSESSMENTS OVER THIS AMOUNT, AND ALL ASSESSMENTS FOR CAPITAL IMPROVEMENTS, MUST BE APPROVED BY THE MEMBERSHIP OF THE LUDLOW MAINTENANCE COMMISSION, INC. During the 1973-1974 fiscal year the Ludlow Maintenance Commission, Inc., covered all of its costs relative to the operation and maintenance of the Commission owned properties and the professional security patrol within the platted area. Additional revenues will accrue to the Ludlow Maintenance Commission, Inc., when lots subject to this filing are sold. All reserve areas within Port Ludlow No. 1, Port Ludlow No. 2 (including the developed Kahele Park), Port Ludlow No. 3 and the Beach Club complex have been deeded by the developer to the Ludlow Maintenance Commission, Inc., a fully operational organization.

E. Purchase Contract

Regardless of the amount or percentage of down payment, each purchaser of a lot subject to this filing shall pay 8-1/2% interest per annum on the declining unpaid balance should he elect to amortize the purchase of his lot on an installment basis. There will be no discount for cash purchases on any lot subject to this filing, although cash purchases are allowed. A purchaser may prepay the balance of his Contract of Sale at any time without penalty. The Contract of Sale does not provide for a balloon payment and equal monthly amortizations are provided for in each Contract of Sale. THE CONTRACT OF SALE CAN BE ASSIGNED BY PURCHASER ONLY, WITH THE PERMISSION OF DEVELOPER, WHICH PERMISSION WILL NOT UNREASONABLY BE WITHHELD, UPON THE PAYMENT OF A \$37.00 FEE; \$35.00 of which is a transfer fee and \$2.00 of which is a recording fee.

The developer will furnish a title insurance policy in the amount of the sales price of the lot to a purchaser upon payment for the lot in cash, or payment of the balance of his Contract of Sale. If the title to a lot is not insurable and cannot be made insurable within sixty (60) days after the date of the title report, the purchaser's earnest money shall be refunded and all rights of purchaser terminated unless the purchaser waives defects and elects to purchase. IF PURCHASER FAILS TO FULLY AND PUNCTUALLY PAY ANY DEFERRED BALANCE OF EARNEST MONEY OR, IF TITLE IS INSURABLE AND PURCHASER FAILS OR REFUSES TO COMPLETE THE PURCHASE, THE EARNEST MONEY SHALL BE FORFEITED AS LIQUIDATED DAMAGES. THE CONTRACT OF SALE PROVIDES THAT REPOSSESSION MAY PROCEED WITHOUT NOTICE IN THE EVENT OF DEFAULT UNDER THE CONTRACT OR ABANDONMENT OF THE PROPERTY, ANY SUMS PAID PRIOR TO REPOSSESSION WILL BE RETAINED BY THE SELLER AS LIQUIDATED DAMAGES.

Purchasers' Contracts of Sale have been and will be sold by the developer. Upon cash purchase or payment of the balance of a Contract of Sale, developer shall present to purchaser within ninety (90) days free and clear title, excepting only exceptions contained in a standard form title insurance policy, restrictive covenants, existing reservations and easements as of the date of close of the lot sale. Contracts are recorded at close.

II. Improvements

<u>Improvement</u>	<u>% Complete</u>	<u>Responsibility for Maintenance</u>	<u>Cost to Purchaser within this filing to Maintain</u>
Paved Streets	Complete; paid for by Developer	Jefferson County (A)	Within your Tax Bill
Drainage	Complete; paid for by Developer	Jefferson County	Within your Tax Bill
Sanitary Sewer	Complete in all areas except Areas 1,3,4 and 5 of Port Ludlow No. 1; paid for by Developer	Ludlow Utilities Co. (B)	None

	<u>REQUIRED ONLY</u> <u>IN AREAS 1,3,4 AND</u> <u>5, PORT LUDLOW NO. 1</u> <u>AT AN APPROX. COST TO</u> <u>PURCHASER OF \$900.</u>	<u>PURCHASER</u>	<u>Variable</u>
Septic Tank & Drainfield			
Electricity	Underground; complete; paid for by Developer	Puget Power	None
Telephone	Underground; complete; paid for by Developer	Pacific N. W. Bell	None
Watermains (C)	Underground; complete; paid for by Developer	Ludlow Utilities Co.(C)	None
Community Wells & Pressure Systems	Complete; paid for by Developer	Ludlow Utilities Co.	None
Gas	<u>NO DOMESTIC GAS SERVICE IS AVAILABLE</u>		
Other water systems incl. fire hydrants	Complete; paid for by Developer	Ludlow Utilities Co.	None

- (A) Jefferson County has accepted for maintenance the paved streets in the plats of Port Ludlow No. 1 and Port Ludlow No. 2. IT IS ANTICIPATED THAT THE STREET IMPROVEMENTS IN PORT LUDLOW NO. 3 WILL BE INSPECTED AND ACCEPTED FOR MAINTENANCE BY JEFFERSON COUNTY BY JULY 1, 1974.
- (B) THERE IS NO SEWER HOOK-UP CHARGE MADE BY THE LUDLOW UTILITIES COMPANY, BUT A LOT OWNER WILL PAY HIS HOME BUILDER APPROXIMATELY \$200.00 FOR A SERVICE LINE FROM HIS HOME TO THE MAIN IN THE STREET AT THE TIME HE ERECTS A HOME ON HIS LOT; the charge varying according to the location of the home within the lot and the depth of the sewerline serving the lot. THE MONTHLY SEWAGE SERVICE CHARGE FOR CONNECTED LOTS WHERE SEWERS ARE AVAILABLE IN AREA 2 OF PORT LUDLOW NO. 1, PORT LUDLOW NO. 2 AND PORT LUDLOW NO. 3 is \$4.50 PER MONTH, PAYABLE TO THE LUDLOW UTILITIES COMPANY.
- (C) A LOT PURCHASER IN THE AREA SUBJECT TO THIS FILING WILL BE CHARGED \$175.00 FOR A WATER METER IN PLACE BY THE LUDLOW UTILITIES COMPANY, PLUS APPROXIMATELY \$75.00 FOR A WATER SERVICE LINE TO HIS HOME (PAID TO HIS HOME BUILDER) AT THE TIME HE ERECTS A HOME ON HIS LOT. THE LUDLOW UTILITIES COMPANY CHARGES \$4.00 PER MONTH MINIMUM FOR LOTS CONNECTED TO WATER SERVICE. THIS CHARGE ENTITLES THE CONNECTED LOT TO 600 CUBIC FEET OF WATER; THEREAFTER, ALL USAGE IS AT THE RATE OF \$.0025 PER CUBIC FOOT.
- | | | | |
|---|--|-------------------------------------|-------------------------------------|
| Port Ludlow Marina (D) | Complete; paid for, owned & managed by Developer | Developer (D) | None |
| Beach Club complex | Complete; paid for by Developer & owned by Ludlow Maintenance Commission, Inc. | Ludlow Maintenance Commission, Inc. | \$80 annually (1974-75 fiscal year) |
| The Harbormaster (D) Restaurant & Cocktail Lounge | Complete; paid for, owned & managed by Developer | Developer (D) | None |
| The Admiralty Inn (D) | Complete; sold to individual owners in condominium. | Condominium (D) | None |
| Port Ludlow Golf Course (D) | To be completed and paid for by Developer by August 1975. Will be owned and Managed by Developer | Developer (D) | None |
- (D) THESE ARE PUBLIC USE FACILITIES AND MANAGED BY DEVELOPER AND OPEN TO THE PUBLIC AS WELL AS LOT PURCHASERS. THERE IS NO PREFERENTIAL TREATMENT OR SPECIAL RATES FOR LOT PURCHASERS.

A. Common Areas and Facilities

Ludlow Maintenance Commission has been deeded extensive real and personal properties by the Developer. All of the facilities owned by the Ludlow Maintenance Commission, Inc., are available to any purchaser of any lot subject to this filing, provided the purchaser pays annual assessment levied by the Ludlow

Maintenance Commission, Inc., and complies with the rules and regulations established by the Commission. The Ludlow Maintenance Commission, Inc., is fully operational within the control of its members. Purchasers may immediately participate in the affairs of their Commission and enjoy its assets.

In addition to the amenities owned by the Ludlow Maintenance Commission, Inc. other facilities have been developed or are now being developed by the developer who will retain ownership and management of these facilities, including but not limited to the Port Ludlow Marina, Harbormaster Restaurant and the Port Ludlow Golf Course.

B. Sewage Disposal

Sewer service is available to each lot in Port Ludlow No. 2 and Port Ludlow No. 3, and Area 2 of Port Ludlow No. 1, however, sewer service is not provided to Areas 1, 3, 4 and 5 of Port Ludlow No. 1 and IT IS NOT ASSURED THAT A PURCHASER OF A LOT WITHIN THESE AREAS OF PORT LUDLOW NO. 1 WILL BE ABLE TO OBTAIN A BUILDING PERMIT UNLESS THE PURCHASER CAN OBTAIN A SEPTIC TANK PERMIT from the Sanitarian, Jefferson County, Washington, Jefferson County Courthouse, Port Townsend, Washington 98368. Septic tanks and drainfields only are to be used in these areas of Port Ludlow No. 1 at an approximate cost of \$900.00. A PERCOLATION TEST HAS NOT BEEN PERFORMED ON EACH LOT AND THE TOPOGRAPHY OF SOME OF THE MORE HILLY LOTS MAY REQUIRE MORE THAN USUAL CARE IN THE PLACEMENT OF THE SYSTEM. THERE IS NO INFORMATION AVAILABLE VERIFYING THE LAND IS SUITABLE FOR THE USE OF SEPTIC TANKS.

THERE IS NO ASSURANCE THAT A PURCHASER WILL BE ABLE TO OBTAIN A PERMIT OR APPROVAL FROM THE HEALTH OFFICIALS FOR THE INSTALLATION AND USE OF AN ON-SITE SEWAGE DISPOSAL SYSTEM FOR LOTS WITHIN AREAS 1, 3, 4 AND 5 OF PORT LUDLOW NO. 1 THE DEVELOPER HAS MADE NO PROVISIONS FOR THE INSTALLATION OF A CENTRAL SANITARY SEWAGE SYSTEM, NOR HAS THE DEVELOPER MADE ANY PROVISION TO SET ASIDE ANY MONEY TO FUND THE INSTALLATION OF SUCH SYSTEM IN THESE AREAS.

The Olympic Disposal Service, Sequim, Washington is the franchised garbage disposal firm for the Port Ludlow community. Jefferson County Fire District No. 3 provides year around fire protection to Port Ludlow No. 1, Port Ludlow No. 2 and Port Ludlow No. 3. Fire fighting equipment owned by the Jefferson County Fire District No. 3, a volunteer fire department, is located approximately one road mile from the center of lots subject to this filing. Fire hydrants are provided throughout all parts of Port Ludlow No. 1, Port Ludlow No. 2 and Port Ludlow No. 3.

C. Community Services

<u>Service</u>	<u>Road Distance</u>	<u>Description of Service</u>
Doctor	18	Port Townsend, full service
Dentist	18	Port Townsend, full service
Hospital	18	Port Townsend, full service
Mail Delivery	1/2	Port Ludlow Rural station
	8	Hadlock, third class service
Shopping Center	18	Port Townsend, full service
County Seat	18	Port Townsend, full service
Nearest town of 5,000 population	18	Port Townsend, Washington
Public Transportation	8	Center, Washington - three busses to Seattle & Port Angeles daily; Two busses daily to Port Townsend

Schools

The Chimacum School District maintains, at one location in Chimacum, Jefferson County, Washington (8 miles from the center of this filing), elementary, junior and senior high schools. Free bus service is provided from three (3) school bus stops within Port Ludlow No. 1, Port Ludlow No. 2 and Port Ludlow No. 3 to all students. There are no unusual school hours or multiple shifts in effect, or planned by the Chimacum School District.

III Physical Conditions

The general topography of Port Ludlow No. 1, Port Ludlow No. 2 and Port Ludlow No. 3 consist of slopes of approximately 15% rising to the north and to the west from Ludlow Bay and Admiralty Inlet respectively. The approximate elevation of the highest point in this filing is 400 feet, with the elevation of the lower lots in this filing located at approximately 20 feet. Port Ludlow is not subject to hurricanes or tornadoes. Temperatures in the summer range from 51° to 71° on the average, with a mean of 61°. In the winter, the average temperature range is 30° to 44°, with a mean average of 40°. The average rainfall is 28".

On-site land uses (those within the area subject to this filing) which may affect the purchaser are limited by the Declaration of Protective Covenants and Subjection to Assessment and Utility Liens applicable to each of Port Ludlow No. 1, Port Ludlow No. 2 and Port Ludlow No. 3 to residential useage, except for properties (including reserve areas and the developed Kahele park) owned and maintained by the Ludlow Maintenance Commission, Inc.,; these latter properties are restricted to prevent commercial, residential or industrial use.

Off-site land uses (outside the area of this filing but within the Port Ludlow Community) are numerous, some of which may affect the filed area depending upon the likes and dislikes of a purchaser. Land uses within the Port Ludlow community include timber reforestation areas, small farms and scattered residences. In addition, THERE IS AN OPERATIONAL SEWAGE DISPOSAL PLANT LOCATED ON THE WATERFRONT DIRECTLY SOUTH OF, AND CONTIGUOUS TO AREA 2, PORT LUDLOW NO. 1; marina facilities including fuel dispensing apparatus within the Port Ludlow Marina; boating activities including presence of commercial fishing vessels within Ludlow Bay or the Port Ludlow Marina; LOG RAFTS located within Ludlow Bay; A LOG DUMP area located at the northwesterly terminus of Ludlow Bay; commercial enterprises including the existing Harbormaster Restaurant (with its cocktail lounge) and the proposed Port Ludlow Golf Course Clubhouse (to be located within the golf course); irrigation reservoirs and other water hazards within the Port Ludlow Golf Course and the normal land uses attendant to the facilities owned by the Ludlow Maintenance Commission, Inc., i.e., tennis courts, swimming pools, etc. located within the Beach Club area and Kahele Park.

The developer owns, outside the area of the filing but WITHIN ONE MILE OF THE CENTER OF THIS FILING, A ROCK QUARRY alongside the southerly right-of-way of Jefferson County Road #10, southwesterly of this filing; A GRAVEL PIT located directly southeast of the lots subject to this filing in Port Ludlow No. 3 AND A QUARRY west of the Pacific Northwest Bell Telephone Company service building between this filing and the Port Ludlow Golf Course. Also located within the area of this filing, but outside the developer's project is a LARGE, COMMERCIAL QUARRY TWO MILES north of the center of this filing at Mats Mats Bay.

At greater distances are potential land uses that could produce odors, noise and other nuisances to the property subject to this filing INCLUDING A LARGE PULP MILL NORTH-NORTHWEST of the filing at an approximate air distance of 13 miles AND THE JEFFERSON COUNTY AIRPORT, at a distance of approximately 13 road miles from the center of this filing. UNDER CERTAIN ATMOSPHERIC AND WIND CONDITIONS, EMISSIONS FROM THE PULP PLANT MIGHT CREATE ODORS WITHIN THE AREA OF THE PROPERTY COVERED BY THIS FILING. Aircraft enroute to the Jefferson County Airport, as well as float planes landing within Ludlow Bay may create noise if passing over the area of this filing.

HAZARDS WITHIN OR IN THE GENERAL AREA OF THE FILING INCLUDE: THE POSSIBILITY THAT WIND STORMS MAY CAUSE trees to fall upon persons or property; that the absence of sidewalks within the filing or the general Port Ludlow area may cause pedestrians, bicyclists, motor bike users, etc., to be injured while using streets and roads within or in the area of the filing; accidents may occur on high banks along the waterfront and while using facilities, including the swimming pool, marina, etc., all of which are potentially hazardous.

Mineral and air rights are not reserved by the developer and are acquired by the lot purchaser. WATER RIGHTS HAVE BEEN ACQUIRED BY LUDLOW UTILITIES COMPANY to provide adequate water supply for the residents of the development. No portion of the project is flooded or covered by surface water at any time of the year. All areas of the project are adequately drained; the developer has made no material changes in the natural drainage of the area. The soil types within Port Ludlow No. 1, Port Ludlow No. 2 and Port Ludlow No. 3 are quite stable and, as a result, no special or unusual construction techniques are necessary, either in building, road construction or utility construction unless some unique construction technique, design or siting is adopted by the individual lot owner, architect or builder when a home is erected on a lot. There is no corrective work required on any of the lots prior to construction of a normal one-story residential structure. Lush ground cover and trees, native to the area cover all parts of the Project and inhibit soil erosion and sedimentation.

INDIVIDUAL WELLS ARE NOT ALLOWED within lots subject to this filing. Average water pressures within the water distribution system is approximately 60 pounds. A 150,000 gallon domestic water supply tank reservoir, owned by Ludlow Utilities Company serves the distribution system. Four (4) pressure reducing stations are used within Port Ludlow No. 1, Port Ludlow No. 2 and Port Ludlow No. 3 to control pressures that range in each zone, from about 50 to about 90 psi. The Ludlow Utilities Company water is filtered but not treated and has been certified, by tests, to be potable. Ludlow Utilities Company operates a large, fully permitted sewage treatment and disposal plant at sea level location on Admiralty Inlet. Treated sewage is discharged, via submarine line, into Admiralty Inlet. All lots subject to this filing are surveyed and staked. All monuments indicated on the recorded plats are in place on the project.

IV: FINANCIAL - See attached copies of financial statements.
(Revised April 29, 1974)

POPE & TALBOT DEVELOPMENT, INC.
 CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS
 Year ended December 31, 1973
 (unaudited)

Revenues:	
Lots	\$ 521,823
Developable land	707,956
Condominiums and houses	1,106,304
Commercial facilities	608,700
Interest	243,309
Commissions, stumpage and other	137,326
	<u>3,325,418</u>
Cost of sales:	
Lots	624,955
Developable land	139,999
Condominiums and houses	1,050,481
Commercial facilities	525,238
Commissions, stumpage and other	2,657
	<u>2,343,330</u>
Gross profit	982,088
Selling, general and administrative expense	998,492
Interest expense	7,045
Loss on sale of office building	-
Income (loss) before income taxes	<u>(23,449)</u>
Provision (credit) for income taxes	<u>(8,000)</u>
Net income (loss)	(15,449)
Retained earnings at beginning of year	<u>399,374</u>
Retained earnings at end of year	<u><u>\$ 383,925</u></u>

POPE & TALBOT DEVELOPMENT, INC.
 CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
 Year ended December 31, 1973
 (unaudited)

Operations:

Cash received from:

Collections on contracts receivable (including interest)	\$ 257,693
Commercial facilities	608,700
Cash sales of lots	660,325
Downpayments on lot sales	79,134
Sales of residential units	1,106,304
Other sources	137,326
	<u>2,849,482</u>

Cash expended for:

Real estate held for sale	2,893,647
Selling, general and administrative expense	1,496,698
Interest expense	7,045
Commercial facilities cost of sales	183,529
Other uses	2,501
	<u>4,583,420</u>

Cash generated from

(used in) operations (1,733,938)

Other proceeds:

Credit for reduction of parent's income taxes	8,000
Sale of property and equipment	96
Decrease in intercompany receivables, including change in intercompany payable	245,384
Other	656
Investment in time certificate of deposit	500,000
Decrease in accounts receivable	627,273
	<u>1,381,409</u>

Other expenditures:

Repayment of long-term debt	2,943
Additions to property and equipment	31,833
	<u>34,776</u>

Increase (decrease) in cash (387,305)

Cash at beginning of year 499,093

Cash at end of year \$ 111,788

POPE & TALBOT DEVELOPMENT, INC.

CONSOLIDATED BALANCE SHEET

December 31, 1973

(unaudited)

ASSETS

Current assets:

Cash	\$ 111,788
Receivables:	
Real estate installment contracts due within one year	89,230
Other	54,062
Prepaid expenses	<u>36,976</u>
Total current assets	292,056

Real estate installment contracts due
after one year, less unamortized
valuation discounts of \$211,820

973,664

Realty inventory

Raw land	1,831,823
Development in process	2,831,310
Completed developments	<u>2,131,341</u>
	6,794,474

Property and equipment, at cost

Land	55,970
Buildings	179,876
Equipment	196,447
Land improvements	6,716
Leasehold improvements	<u>57,508</u>
	496,517

Less accumulated depreciation

(143,034)

Net property and equipment

353,483

Investment and other assets

6,542

\$8,420,219

POPE & TALBOT DEVELOPMENT, INC.
CONSOLIDATED BALANCE SHEET
December 31, 1973
(unaudited)

LIABILITIES AND STOCKHOLDERS'S EQUITY

Current liabilities:

Accounts payable and accrued liabilities	\$ 366,586
Accounts and notes payable to parent	245,384
Retainage on contracts, deposits, assessments and other	140,909
Long-term debt due within one year	<u>2,964</u>
Total current liabilities	755,843

Long-term debt due after one year - 8% real estate contract	36,331
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Deferred income on real estate installment contracts sold with recourse	265,919
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Stockholder's equity:

Common stock, \$100 par value; 60,000 shares authorized and issued	6,000,000
Additional paid-in capital	978,201
Retained earnings	<u>383,925</u>
	<u>7,362,126</u>
	<u>\$8,420,219</u>

RECEIPT FOR PROPERTY REPORT

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DO NOT SIGN THIS RECEIPT UNTIL YOU HAVE RECEIVED A COPY OF THE PROPERTY REPORT. READ IT FOR YOUR OWN PROTECTION. RISKS ARE PRINTED IN CAPITAL LETTERS AND UNDERLINED.

I have received my own copy of the Property Report on

Port Ludlow 1, 2 and 3
(File No.) (Tract No. or Name of Development)

I understand the Property Report is not a recommendation or endorsement of the development, but is for information only.

Name

Address

William J. Adell
Name of Salesman

5 August 1974 1 PM
Date Hour ~~(AM)~~ (PM)

The developer must retain this receipt for 3 years.

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(File No.)

(Tract No. or Name of Development)

I understand the Property Report is not a recommendation or endorsement of the development, but is for information only.

Name

Address

Name of Salesman

Date

Hour (AM) (PM)

The developer must retain this receipt for 3 years.