RIGHTS AND RESPONSIBILITIES

1. **Definition of Terms.** “Buyer” refers to the individual purchaser who has signed this Contract. “Seller” refers to Lonnie G. DeBord, Rhonda K. Wilson, Pamela R. Church, Laurel A. Burke, Karen M. Kimple, Jeffrey W. Konopaski, Colin D. Konopaski, Kevin w. Konopaski, Tina L. Mahaney, Randall M. Konopaski, and Brian T. Konopaski. Disclosure Statement” means the Public Offering Statement containing information on membership in Coho Estates, LLC that was included with this agreement and delivered to you at the time of your purchase. “Common Recreation Facilities” means the recreational campground property operated by Coho Estates, LLC for the benefit of its respective members. This includes a marina facility for launching and docking boats and associated breakwater and docks. “Member Rules” means the rules and other terms that govern the use of the recreational campground and facilities by members of Coho Estates, LCC. A copy of the Member Rules was delivered to you at the time of your purchase. In the event of any conflict between the terms of the Operating Agreement, this Contract and Member Rules, the terms in the Operating Agreement are primary and controlling. If there is any conflict between the terms of this Contract and Member Rules, the terms of this Contract shall control. “Camping Site” means a site for Buyer’s exclusive use for camping as shown on a camping site map attached hereto.

2. **What You Are Purchasing.** You are purchasing a common interest membership in a limited liability company which owns a campground and marina facilities in Sekiu, Washington. This membership entitles you to use all common recreational facilities on the terms set forth herein. You are also entitled to exclusive use of a designated campsite in the campgrounds.

3. **Terms of Membership.** During the term of your membership, you are entitled to use all common recreational facilities that are designated by Coho Estates, LLC as available for use by members subject to the following:

You must use the recreational facilities and campsites in accordance with this Contract, the Operating Agreement of Coho Estates, LLC and the Member Rules. We have Member Rules regarding, among other things: (a) hours of operation of facilities; (b) use of facilities by nonmembers; and (c) such other matters and restrictions on use as may be reasonably necessary to ensure maximum safety, quiet enjoyment and availability of recreational facilities for use by our membership as a whole. Coho Estates, LLC reserves the right to add, modify or delete Member Rules from time to time as deemed appropriate. The method adopting rules is provided in the Operating Agreement of Coho Estates, LLC. Please consult current Member Rules should you have any questions regarding use of the recreational facilities.

Your membership entitles you to unlimited day use and unlimited overnight camping in your own recreational vehicle or tent at the campground at your own exclusive use numbered site.
It is your responsibility to use the recreational facilities in a safe and reasonable manner and to observe the Member Rules. You are also responsible for the conduct of your children and guests and you are liable for all damages caused by the negligent or reckless use, or intentional misuse, of the recreational facilities by you or your children.

The location of, and the recreational facilities, at the campground are described in the Disclosure Statement. Recreational facilities may be added to or subtracted from those which exist at the time of execution of this Contract as determined in the Operating Agreement. Coho Estates, LLC is under no obligation to increase the number of or improve existing recreational facilities.

You must sign the Operating Agreement of the limited liability company and agree to be bound by its terms and conditions.

No more than 100 memberships will be sold unless a change is approved as provided in the Operating Agreement.

Your membership constitutes a common ownership interest in a Washington limited liability company that owns real estate, camping facilities and marina facilities in Sekiu, Washington. You will have the right to use the facilities provided at the campgrounds where you have membership rights. The application and use of all annual dues paid by you under this Contract is controlled by the general manager of Coho Estates, LLC. The general manager establishes the annual dues to cover the usual and necessary operating expenses such as maintenance, taxes, insurance, wages and a reserve fund for repair and replacement of recreational facilities and other improvements.

4. Transferability. Your membership is transferable, subject to the following limitations contained in the Operating Agreement of Coho Estates, LLC. A membership: (a) may be transferred only if the purchase price for your membership is paid in full and your annual dues are current at the time transfer; and (b) may be transferred only if your transferee agrees to accept the rate of annual dues and use fees charged by Coho Estates, LLC and the Member Rules in effect at the time of transfer. If you transfer one, or if one is transferred by operation of law, as in the event of divorce, inheritance, descent, or attachment, all membership privileges must be transferred together. You may use the services of a broker or other third party to solicit, arrange or negotiate the sale of transfer of your membership.

In connection with any transfer of your membership, Coho Estates, LLC will charge a reasonable transfer fee, which is currently $0 if the membership is transferred to a member of your immediate family and $250 if the membership is transferred to anyone who is not a member of your immediate family. For purposes of this Contract, the members of your immediate family are your spouse/domestic partner and your children. A transfer may be effected only in accordance with the Operating Agreement of Coho Estates, LLC. A transfer will not become effective until: (a) you and your prospective transferee have represented to us in writing that the transfer is in compliance with the
foregoing terms; and (b) your prospective transferee has entered into the Operating Agreement.

Coho Estates LLC will not purchase your membership except as provided in the Operating Agreement of Coho Estates, LLC and Seller can provide no assurance that you will be able to locate a buyer for your membership in the event you decide to sell it. You may not transfer or sell your membership or assign, rent, loan, or otherwise alienate your membership, temporarily or permanently, in any manner other than as provided in this section. Any transfer in violation of this prohibition shall be null and void. In the event of any dispute over ownership of your membership, Coho Estates, LLC may, without liability to any person and without releasing you from your financial obligations to Seller, suspend and refuse membership privileges to all person claiming rights to the membership until they have resolved the dispute in a manner satisfactory to Coho Estates LLC and communicated the resolution to Seller in writing.

5. Obligation to Make Payments. Buyer is obligated to make all payments hereunder and no transfer by Buyer of any interest under this Contract shall relieve the Buyer from his obligation hereunder without Seller’s written consent.

6. Waiver of Warranties/Limitation of Liability. This Contract contains the entire agreement of the parties along with the Operating Agreement. There are no warranties which extend beyond the description on the face hereof. Seller’s liability for damage, regardless of the form of action, shall not exceed the amounts paid Seller by Buyer pursuant to this Contract.

7. Assignment. Seller may assign his/her right to receive proceeds under this Contract and any such assignment shall vest in the assignee of Seller all of Seller’s right to such proceeds and all payments required to be made hereunder by Buyer toward the purchase price shall be paid in full to the assignee. Such assignment shall not cut off as to third parties any right of action or defense which Buyer may have against Seller.

8. Default. Time is of the essence in this Contract and any of the following events shall be “events of default.”

(a) Any failure by Buyer to pay when due the full amount of the membership purchase price; or

(b) The falsity of any representation of Buyer herein or in credit application or financial statement given by Buyer and the basis for any extension of credit; or

(c) Any material breach by Buyer of any provision of this Contract.

9. Collection Fee. If any payment required to be made hereunder has not been made in full within ten (10) days of its due date, Buyer agrees to pay Seller a collection fee in the amount of 5% of the delinquent payment or $25, whichever is greater.
10. Remedies. Should any “event of default occur” Seller may, at its option, upon 30 days written notice to Buyer, declare the entire unpaid principal balance of the purchase price, together with interest accrued thereon to the date of default, together with all other fees, charges, dues, and indebtedness accrued as of the date of default, immediately due and payable. Such amounts shall thereafter bear interest from the date of such default at the maximum interest rate permitted by law. In the alternative, Seller may upon the occurrence of any “events of default,” and upon 30 days written notice, terminate this Contract. It is agreed that in an “event of default” by Buyer resulting in termination of this Contract, it would be impracticable or extremely difficult to fix actual damages to Seller resulting there from. Buyer therefore agrees that Seller may retain, as liquidated damages and not as a penalty, all monies paid to Seller by Buyer under this Contract up to the time of termination, and that this agreement as to liquidated damages represents a reasonable endeavor by the parties hereto to estimate a fair compensation for the losses which might result from Buyer’s default. Notwithstanding the foregoing, Seller shall have all remedies provided by law in an event of default and, without limiting the foregoing, Buyer agrees to pay on demand the amount of all expenses reasonably incurred by Seller in efforts to collect the indebtedness hereunder. In the event that this Contract or any obligations hereunder are referred to an attorney for collection, Buyer agrees to pay reasonable attorneys’ fees and costs including those incurred in both trial and appellate court costs.

11. Membership. The membership purchased hereby shall be governed by the terms and conditions as set forth herein and in the Operating Agreement and Rules and Restrictions. Buyer acknowledges that he read the Operating Agreement and agrees to be bound by the Operating Agreement, as it now exists and as may from time to time be reasonably amended by Coho Estates, LLC. Termination of the Contract by the Seller, if elected under paragraph 10 above, does not automatically terminate membership in Coho Estates, LLC. The Operating Agreement provides for the method of terminating membership.

12. Assumption of Risk Indemnification. Buyer, Buyer’s family and guests using Coho Estates, LLC’s facilities, services or premises assume all risks of loss of, or damage to person or property, Buyer agrees to indemnify and hold harmless Seller against all claims, liability, loss and expense incurred by reason in injury to property of Buyer, Buyer’s family or guests, arising from the use or misuse of the Coho Estates, LLC facilities or surrounding areas.

13. Miscellaneous. This membership constitutes a common ownership interest in and the right to use such facilities as may be provided from time to time by Coho Estates, LLC for its membership as a whole. Such facilities are subject to change as described in the Operating Agreement. This Contract entitles Buyer to participate in any income or distribution of Coho Estates, LLC and ownership of its facilities, to share in a dissolution, liquidation, merger or reorganization of Coho Estates, LLC, and to voice any aspect relating to the business of Coho Estates, LLC. No waiver or modifications by Seller of any of the terms or conditions or this Contract shall be effective unless in writing and signed by Seller. No indulgence by Seller as to any required performance by Buyer shall constitute a waiver as to any subsequent required performance or other obligations by Seller.
Buyer hereunder. This Contract shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors, assign, and transferees of the respective parties hereto. This Contract shall be governed by the laws of the state of Washington except in the case of usury, in which case the law of the Buyer’s state of residence at the time of execution of this Contract shall apply.

NOTICE TO BUYER (A) do not sign this Contract before you read it or if any spaces intended for the agreed terms, except as to unavailable information are blank (B) You are entitled to a copy of this Contract at the time you sign it (C) You may at any time pay off the full unpaid balance due under this Contract without penalty (D) The service charge does not exceed twelve percent (12%) per annum computed monthly.

Before signing, please read all matters set forth herein in the Operating Agreement. Buyer acknowledges that he has read and received a copy of this Contract and the Operating Agreement and represents that the address set forth below is Buyer’s permanent residence.

HOLDER IN DUE COURSE; ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS AND SERVICES OBTAINED PURSUANT HERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.