

COMMERCIAL ASSOCIATION OF REALTORS® OREGON/SW WASHINGTON
PURCHASE AND SALE AGREEMENT AND RECEIPT FOR EARNEST MONEY
(Oregon Commercial Form)

AGENCY ACKNOWLEDGMENT

Buyer shall execute this Acknowledgment concurrent with the execution of the Agreement below and prior to delivery of that Agreement to Seller. Seller shall execute this Acknowledgment upon receipt of the Agreement by Seller, even if Seller intends to reject the Agreement or make a counter-offer. In no event shall Seller's execution of this Acknowledgment constitute acceptance of the Agreement or any terms contained therein.

Pursuant to the requirements of Oregon Administrative Rules (OAR 863-015-0215), both Buyer and Seller acknowledge having received the Oregon Real Estate Agency Disclosure Pamphlet, and by execution below acknowledge and consent to the agency relationships in the following real estate purchase and sale transaction as follows:

(a) Seller: City of Oregon City (the "Selling Firm") is the agent of (check one):
☐ Buyer exclusively; ☒ Seller exclusively; both Seller and Buyer ("Disclosed Limited Agency").

(b) Buyer Agent: Bob Nelson of MORE Realty, INC. (the "Buying Firm") is the agent of (check one):
☒ Buyer exclusively; ☐ Seller exclusively; ☐ both Seller and Buyer ("Disclosed Limited Agency").

If the name of the same real estate firm appears in both Paragraphs (a) and (b) above, Buyer and Seller acknowledge that a principal broker of that real estate firm shall become the Disclosed Limited Agent for both Buyer and Seller, as more fully set forth in the Disclosed Limited Agency Agreements that have been reviewed and signed by Buyer, Seller and the named real estate agent(s).

ACKNOWLEDGED

Buyer: Vic Patel, and or assigns

(sign)  Date: 8/16 /2017

Seller: City of Oregon City

(sign) _____ Date: 8 /2017

[No further text appears on this page.]

PURCHASE AND SALE AGREEMENT AND RECEIPT FOR EARNEST MONEY

This PURCHASE AND SALE AGREEMENT AND RECEIPT FOR EARNEST MONEY (this "Agreement") is accepted, made and entered into on the later of the two dates shown beneath the parties' signatures on the signature page attached hereto (the "Execution Date"):

BETWEEN: City of Oregon City ("Seller")
Address: 625 Center Street Oregon City, OR 97045
Office Phone: 503.657.0891
Fax No.: (503) 657-7062
E-Mail: eunderwood@orccity.org

AND: Vic Patel, and or assigns ("Buyer")
Address: _____
Office Phone: 503-449-8165 _____
Fax No.: _____
E-Mail: vcpvips@yahoo.com _____

1. Purchase and Sale.

1.1 Generally. In accordance with this Agreement, Buyer agrees to buy and acquire from Seller, and Seller agrees to sell to Buyer the following, all of which are collectively referred to in this Agreement as the "Property:" (a) the real property and all improvements thereon generally described or located at 1220 Main Street in the City of Oregon City, County of Clackamas Oregon consisting of approximately 42,688 square feet legally described on Exhibit A, attached hereto (the "Real Estate") (if no legal description is attached, the legal description shall be based on the legal description provided in the Preliminary Report (described in Section 5), subject to the review and approval of both parties hereto), including all of Seller's right, title and interest in and to all fixtures, appurtenances, and easements thereon or related thereto. ;.

1.2 Purchase Price. The purchase price for the Property shall be Zero dollars. (the "Purchase Price"). The Purchase Price shall be adjusted, as applicable, by the net amount of credits and debits to Seller's account at Closing (defined below) made by Escrow Holder pursuant to the terms of this Agreement. The Purchase Price shall be payable as follows:

1.2.1 Earnest Money Deposit.

(a) Within five (5) days of the Execution Date, Buyer shall deliver into Escrow (as defined herein), for the account of Buyer, \$20,000.00 as earnest money (the "Earnest Money") in the form of:

☐ Promissory note (the "Note"); ☒ Check; or ☐ Cash or other immediately available funds.

If the Earnest Money is being held by the ☐ Selling Firm ☐ Buying Firm, then the firm holding such Earnest Money shall deposit the Earnest Money in the ☒ Escrow (as hereinafter defined) ☐ Selling Firm's Client Trust Account ☐ Buying Firm's Clients' Trust Account, no later than 5:00 PM Pacific Time three (3) business days after such firm's receipt, but in no event later than the date set forth in the first sentence of this Section 1.2.1(a).

(b) If the Earnest Money is in the form of a Note, it shall be due and payable ☐ no later than 5:00 PM Pacific Time three (3) days after the Execution Date; ☐ after satisfaction or waiver by Buyer of the conditions to Buyer's obligation to purchase the Property set forth in this Agreement; or ☐ Other: _____. If the terms of the Note and this Agreement conflict, the terms of this Agreement shall govern. If the Note is not redeemed and paid in full when due, then: (i) the Note shall be delivered and endorsed to Seller (if not already in Seller's possession); (ii) Seller may collect the Earnest Money from Buyer, either pursuant to an action on the Note or an action on this Agreement; and (iii) Seller shall have no further obligations under this Agreement.

structural condition of the improvements, all mechanical, electrical and plumbing systems, hazardous materials, pest infestation, soils conditions, wetlands, Americans with Disabilities Act compliance, zoning, and all other matters affecting the suitability of the Property for Buyer's intended use and/or otherwise reasonably related to the purchase of the Property including the economic feasibility of such purchase. If the transaction contemplated in this Agreement fails to close for any reason (or no reason) as a result of the act or omission of Buyer or its agents, Buyer shall promptly restore the Property to substantially the condition the Property was in prior to Buyer's performance of any inspections or work. Buyer shall indemnify, hold harmless, and defend Seller from all liens, costs, and expenses, including reasonable attorneys' fees and experts' fees, arising from or relating to Buyer's entry on and inspection of the Property. This agreement to indemnify, hold harmless, and defend Seller shall survive Closing or any termination of this Agreement.

4. Seller's Documents. Within 7 days after the Execution Date, Seller shall deliver to Buyer or Buyer's designee, legible and complete copies of the following documents, including without limitation, a list of the Personal Property, and other items relating to the ownership, operation, and maintenance of the Property to the extent now in existence and to the extent such items are or come within Seller's possession or control: Environmental Reports, Surveys, Soils Reports, Plans, Permits, Approvals, Studies, Assessments, and Appraisals. Seller is making such documents available to Buyer as an accommodation to Buyer and without any liability as to the completeness or accuracy of the same. Buyer acknowledges that it is responsible to conduct its own due diligence of the Property and shall exclusively rely on its own due diligence in connection with its purchase of the Property.

5. Title Insurance. Within 14 days after the Execution Date, Seller shall cause to be delivered to Buyer a preliminary title report from the title company (the "Title Company") selected by Seller (the "Preliminary Report"), showing the status of Seller's title to the Property, together with complete and legible copies of all documents shown therein as exceptions to title ("Exceptions"). Buyer shall have 5 days after receipt of a copy of the Preliminary Report and Exceptions within which to give notice in writing to Seller of any objection to such title or to any liens or encumbrances affecting the Property. Within 5 days after receipt of such notice from Buyer, Seller shall give Buyer written notice of whether it is willing and able to remove the objected-to Exceptions. Without the need for objection by Buyer, Seller shall, with respect to liens and encumbrances that can be satisfied and released by the payment of money, eliminate such exceptions to title on or before Closing. Within 5 days after receipt of such notice from Seller (the "Title Contingency Date"), Buyer shall elect whether to: (i) purchase the Property subject to those objected-to Exceptions which Seller is not willing or able to remove; or (ii) terminate this Agreement. If Buyer fails to give Seller notice of Buyer's election, then such inaction shall be deemed to be Buyer's election to terminate this Agreement. On or before the Closing Date (defined below), Seller shall remove all Exceptions to which Buyer objects and which Seller agrees, or is deemed to have agreed, Seller is willing and able to remove. All remaining Exceptions set forth in the Preliminary Report and those Exceptions caused by or agreed to by Buyer shall be deemed "Permitted Exceptions."

6. Default; Remedies. Notwithstanding anything to the contrary contained in this Agreement, in the event Buyer fails to deposit the Earnest Money in Escrow strictly as and when contemplated under Section 1.2.1 above, Seller shall have the right at any time thereafter, but prior to Buyer's deposit of the Earnest Money to Escrow, to terminate this Agreement and all further rights and obligations hereunder by giving written notice thereof to Buyer. If the conditions, if any, to Buyer's obligation to consummate this transaction are satisfied or waived by Buyer and Buyer fails, through no fault of Seller, to close on the purchase of the Property, Seller's sole remedy shall be to retain the Earnest Money paid by Buyer. In the event Seller fails, through no fault of Buyer, to close the sale of the Property, Buyer shall be entitled to pursue any remedies available at law or in equity, including without limitation, the return of the Earnest Money paid by Buyer or the remedy of specific performance. In no event shall either party be entitled to punitive or consequential damages, if any, resulting from the other party's failure to close the sale of the Property.

7. Closing of Sale.

7.1 Buyer and Seller agree the sale of the Property shall be consummated, in Escrow, ☒ on or before **30 days following issuance of site development permits by the City of Oregon City, and issuance of construction loan whichever is sooner** or, ☐) days after the conditions set forth in Sections 2.1, 3, 4 and 5 have been satisfied or waived in writing by Buyer (the "Closing" or the "Closing Date"). The sale of the Property shall be deemed closed when the document(s) conveying title to the Property is/are delivered and recorded and the Purchase Price is disbursed to Seller.

7.2 At Closing, Buyer and Seller shall deposit with the Escrow Holder all documents and funds required to close the transaction in accordance with the terms of this Agreement. At Closing, Seller shall deliver a certification in a form provided by the Escrow Holder confirming whether Seller is or is not a "foreign person" as such term is defined by applicable law and regulations.

7.3 At Closing, Seller shall convey fee simple title to the Property to Buyer by ☐ statutory warranty deed or ☒ Bargain and Sale Deed (the "Deed"). At Closing, Seller shall cause the Title Company to deliver to Buyer a standard ALTA form owner's policy of title insurance (the "Title Policy") in the amount of the Purchase Price insuring fee simple title to the Property in Buyer subject only to the Permitted Exceptions and the standard preprinted exceptions contained in the Title Policy. Seller shall reasonably cooperate in the issuance to Buyer of an ALTA extended form policy of title insurance. Buyer shall pay any additional expense resulting from the ALTA extended coverage and any endorsements required by Buyer.

8. Closing Costs; Prorations. Buyer shall pay the premium for the Title Policy, provided, however, if Buyer elects to obtain an ALTA extended form policy of title insurance and/or any endorsements, Buyer shall pay the difference in the premium relating to such election. Buyer shall pay the escrow fees charged by the Escrow Holder. Any excise tax and/or transfer tax shall be paid in accordance with the local custom determined by the Title Company and applicable law. Real property taxes for the tax year of the Closing, assessments (if a Permitted Exception), personal property taxes, rents and other charges arising from existing Tenancies paid for the month of Closing, interest on assumed obligations, and utilities shall be prorated as of the Closing Date. If applicable, prepaid rents, security deposits, and other unearned refundable deposits relating to Tenancies shall be assigned and delivered to Buyer at Closing. ☒ Seller ☐ Buyer ☐ N/A shall be responsible for payment of all taxes, interest, and penalties, if any, upon removal of the Property from any special assessment or program.

9. Possession. Seller shall deliver exclusive possession of the Property, subject to the Tenancies (if any) existing as of the Closing Date, to Buyer ☒ on the Closing Date or, ☐ ____.

10. Condition of Property. Seller makes no representations or warranties of any kind as to the Property or any matter related to the Property. Buyer shall acquire the Property "AS IS" with all faults and Buyer shall rely on the results of its own inspection and investigation in Buyer's acquisition of the Property.

11. Operation of Property. Between the Execution Date and the Closing Date, Seller shall continue to operate, maintain and insure the Property consistent with Seller's current operating practices. After Buyer has satisfied or waived the conditions to Buyer's obligation to purchase the Property, and the Earnest Money is non-refundable, Seller may not, without Buyer's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed, enter into: (a) any new leases or occupancy agreements for the Property; (b) any material amendments or modification agreements for any existing leases or occupancy agreements for the Property; or (c) any service contracts or other agreements affecting the Property that are not terminable at the Closing.

12. Assignment. Assignment of this Agreement: ☐ is PROHIBITED; ☐ is PERMITTED, without consent of Seller; ☐ is PERMITTED ONLY UPON Seller's written consent; ☒ is PERMITTED ONLY IF the assignee is an entity owned and controlled by Buyer. **Assignment is PROHIBITED, if no box is checked.** If Seller's written consent is required for assignment, such consent may be withheld in Seller's reasonable discretion. In the event of a permitted assignment, Buyer shall remain liable for all Buyer's obligations under this Agreement.

203
204 13. Arbitration.:
205

206 ANY DISPUTE BETWEEN BUYER AND SELLER RELATED TO THIS AGREEMENT, THE PROPERTY, OR THE
207 TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT WILL BE RESOLVED BY ARBITRATION GOVERNED
208 BY THE OREGON UNIFORM ARBITRATION ACT (ORS 36.600 et seq.) AND, TO THE EXTENT NOT
209 INCONSISTENT WITH THAT STATUTE, CONDUCTED IN ACCORDANCE WITH THE RULES OF PRACTICE AND
210 PROCEDURE FOR THE ARBITRATION OF COMMERCIAL DISPUTES OF ARBITRATION SERVICES OF
211 PORTLAND ("**ASP**"). THE ARBITRATION SHALL BE CONDUCTED IN PORTLAND, OREGON AND
212 ADMINISTERED BY ASP, WHICH WILL APPOINT A SINGLE ARBITRATOR HAVING AT LEAST FIVE (5) YEARS
213 EXPERIENCE IN THE COMMERCIAL REAL ESTATE FIELD IN THE Portland MSA GEOGRAPHIC AREA (IF
214 **BLANK IS NOT COMPLETED, PORTLAND METROPOLITAN AREA)**. ALL ARBITRATION HEARINGS WILL BE
215 COMMENCED WITHIN THIRTY (30) DAYS OF THE DEMAND FOR ARBITRATION UNLESS THE ARBITRATOR,
216 FOR SHOWING OF GOOD CAUSE, EXTENDS THE COMMENCEMENT OF SUCH HEARING. THE DECISION OF
217 THE ARBITRATOR WILL BE BINDING ON BUYER AND SELLER, AND JUDGMENT UPON ANY ARBITRATION
218 AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION. THE PARTIES ACKNOWLEDGE THAT,
219 BY AGREEING TO ARBITRATE DISPUTES, EACH OF THEM IS WAIVING CERTAIN RIGHTS, INCLUDING ITS
220 RIGHTS TO SEEK REMEDIES IN COURT (INCLUDING A RIGHT TO A TRIAL BY JURY), TO DISCOVERY
221 PROCESSES THAT WOULD BE ATTENDANT TO A COURT PROCEEDING, AND TO PARTICIPATE IN A CLASS
222 ACTION.
223

224 14. Attorneys' Fees. In the event a suit, action, arbitration, or other proceeding of any nature whatsoever,
225 including without limitation any proceeding under the U.S. Bankruptcy Code, is instituted, or the services of an
226 attorney are retained, to interpret or enforce any provision of this Agreement or with respect to any dispute relating to
227 this Agreement, the prevailing or non-defaulting party shall be entitled to recover from the losing or defaulting party its
228 attorneys', paralegals', accountants', and other experts' fees and all other fees, costs, and expenses actually incurred
229 in connection therewith (the "Fees"). In the event of suit, action, arbitration, or other proceeding, the amount of Fees
230 shall be determined by the judge or arbitrator, shall include all costs and expenses incurred on any appeal or review,
231 and shall be in addition to all other amounts provided by law.
232

233 15. Statutory Notice. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON
234 TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS
235 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND
236 SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. THIS INSTRUMENT DOES NOT ALLOW USE
237 OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS
238 AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE
239 TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING
240 DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED
241 LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT
242 OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS
243 DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF
244 ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424,
245 OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.
246

247 16. Cautionary Notice About Liens. UNDER CERTAIN CIRCUMSTANCES, A PERSON WHO
248 PERFORMS CONSTRUCTION-RELATED ACTIVITIES MAY CLAIM A LIEN UPON REAL PROPERTY AFTER A
249 SALE TO THE PURCHASER FOR A TRANSACTION OR ACTIVITY THAT OCCURRED BEFORE THE SALE. A
250 VALID CLAIM MAY BE ASSERTED AGAINST THE PROPERTY THAT YOU ARE PURCHASING EVEN IF THE
251 CIRCUMSTANCES THAT GIVE RISE TO THAT CLAIM HAPPENED BEFORE YOUR PURCHASE OF THE
252 PROPERTY. THIS INCLUDES, BUT IS NOT LIMITED TO, CIRCUMSTANCES WHERE THE OWNER OF THE

PROPERTY CONTRACTED WITH A PERSON OR BUSINESS TO PROVIDE LABOR, MATERIAL, EQUIPMENT OR SERVICES TO THE PROPERTY AND HAS NOT PAID THE PERSONS OR BUSINESS IN FULL.

17. Brokerage Agreement. For purposes of Sections 14 and 17 of this Agreement, the Agency Acknowledgement on page 1 this Agreement is incorporated into this Agreement as if fully set forth herein. Seller and Buyer agree to pay a commission to Selling Firm at Closing as set forth in Exhibit B. If the Earnest Money is forfeited by Buyer and retained by Seller in accordance with this Agreement, Selling Firm shall have no claim to it.

18. Notices. Unless otherwise specified, any notice required or permitted in, or related to this Agreement must be in writing and signed by the party to be bound. Any notice will be deemed delivered: (a) when personally delivered; (b) when delivered by facsimile or electronic mail transmission (in either case, with confirmation of delivery); (c) on the day following delivery of the notice by reputable overnight courier; or (d) on the day following delivery of the notice by mailing by certified or registered U.S. mail, postage prepaid, return receipt requested; and in any case shall be sent by the applicable party to the address of the other party shown at the beginning of this Agreement, unless that day is a Saturday, Sunday, or federal or Oregon State legal holiday, in which event such notice will be deemed delivered on the next following business day.

19. Miscellaneous. Time is of the essence of this Agreement. If the deadline under this Agreement for delivery of a notice or performance of any obligation is a Saturday, Sunday, or federal or Oregon State legal holiday, such deadline will be deemed extended to the next following business day. The facsimile and/or electronic mail transmission of any signed document including this Agreement in accordance with Section 18 shall be the same as delivery of an original. At the request of either party, the party delivering a document by facsimile and/or electronic mail will confirm such transmission by signing and delivering to the other party a duplicate original document. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which together shall constitute one and the same Agreement. This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements between them. Without limiting the provisions of Section 12 of this Agreement, this Agreement shall be binding upon and shall inure to the benefit of Buyer and Seller and their respective successors and assigns. Solely with respect to Sections 14 and 17, Selling Firm and Buying Firm are third party beneficiaries of this Agreement. The person signing this Agreement on behalf of Buyer and the person signing this Agreement on behalf of Seller each represents, covenants and warrants that such person has full right and authority to enter into this Agreement and to bind the party for whom such person signs this Agreement to its terms and provisions. Neither this Agreement nor a memorandum hereof shall be recorded unless the parties otherwise agree in writing.

20. Governing Law. This Agreement is made and executed under, and in all respects shall be governed and construed by, the laws of the State of Oregon.

21. Residential Lead-Based Paint Disclosure. IF THE PROPERTY CONSISTS OF RESIDENTIAL HOUSING BUILT PRIOR TO 1978, BUYER AND SELLER MUST COMPLETE THE LEAD-BASED PAINT DISCLOSURE ADDENDUM ATTACHED HERETO AS EXHIBIT D.

22. Addenda; Exhibits. The following named addenda and exhibits are attached to this Agreement and incorporated within this Agreement:

- ☒ Exhibit A – Legal Description of Property]
- ☒ Exhibit B – Additional Terms to Purchase and Sale Agreement
- ☒ Exhibit C – Form of Quit Claim Deed and Escrow Instructions
- ☐ Exhibit D – Lead Paint Disclosure Addendum (if applicable)
- ☐ Exhibit E – AS IS Exceptions (if applicable)

23. Time for Acceptance. If Seller does not return to Buyer a signed and dated version of this Agreement on or before 5:00 PM Pacific Time on August 23, 2017, then the Earnest Money shall be promptly refunded to Buyer and thereafter, neither party shall have any further right or obligation hereunder.

24. OFAC Certification. The Federal Government, Executive Order 13224, requires that business persons of the United States not do business with any individual or entity on a list of "Specially Designated nationals and Blocked Persons" - that is, individuals and entities identified as terrorists or other types of criminals. Buyer hereinafter certifies that:

24.1 It is not acting, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, specially designated national and/or blocked person, entity, nation, or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control; and

24.2 It has not executed this Agreement, directly or indirectly on behalf of, or instigating or facilitating this Agreement, directly or indirectly on behalf of, any such person, group, entity, or nation.

Buyer hereby agrees to defend, indemnify, and hold harmless Seller from and against any and all claims, damages, losses, risks, liabilities, and expenses (including attorney's fees and costs) arising from or related to any breach of the foregoing certification. This certification by Buyer and agreement to indemnify, hold harmless, and defend Seller shall survive Closing or any termination of this Agreement.

Buyer Signature: _____ **Date:** 8/ /2017

CONSULT YOUR ATTORNEY. THIS DOCUMENT HAS BEEN PREPARED FOR SUBMISSION TO YOUR ATTORNEY FOR REVIEW AND APPROVAL PRIOR TO SIGNING. NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE COMMERCIAL ASSOCIATION OF REALTORS® OREGON/SW WASHINGTON OR BY THE REAL ESTATE AGENTS INVOLVED WITH THIS DOCUMENT AS TO THE LEGAL SUFFICIENCY OR TAX CONSEQUENCES OF THIS DOCUMENT.

THIS FORM SHOULD NOT BE MODIFIED WITHOUT SHOWING SUCH MODIFICATIONS BY REDLINING, INSERTION MARKS, OR ADDENDA.

Buyer Vic Patel
By 
Date 8/16/2017

Seller Acceptance. By execution of this Agreement, Seller agrees to sell the Property on the terms and conditions in this Agreement.

Seller City of Oregon City
By _____
Title _____
Date _____

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

To be provided by Fidelity National Title Company with the Title Report

EXHIBIT B TO PURCHASE AND SALE AGREEMENT
ADDITIONAL TERMS AND CONDITIONS ADDENDUM ("ADDENDUM")

This Addendum modifies the terms and provisions of that certain Purchase and Sale Agreement and Receipt for Earnest Money between the City of Oregon City ("Seller") and Vic Patel, and or assigns ("Buyer") (the "Purchase Agreement"), and, to the extent there is any inconsistency between the terms of this Addendum and the Purchase Agreement, the terms of this Addendum shall govern. Notwithstanding anything to the contrary contained in the Purchase Agreement, Buyer and Seller agree as follows:

1. Conditions to Purchase. Buyer's obligation to purchase the Property under the Purchase Agreement shall be expressly subject to the following conditions precedent.
 - A. Due Diligence. Buyer shall have ninety (90) days from the date of execution (sometimes referred to herein as the "Effective Date") of this Purchase Agreement (the "Due Diligence Period") to complete all inspections of the Property, including without limitation physical inspections, review of title, surveys, building plans, agreements, appraisals, a level one and/or level two environmental assessment and any other matters deemed appropriate for Buyer to determine whether the Property is suitable for Buyer's intended development. Prior to expiration of the Due Diligence Period, Buyer shall provide Seller with written notice of the results of its due diligence. In the event that Buyer's due diligence reveals any matters that are not acceptable to Buyer, in Buyer's sole discretion, Buyer may elect to, by written notice to Seller, on or before 5:00 p.m. on the expiration of the Due Diligence Period, to terminate this Purchase and Sale Agreement, in which case this Purchase Agreement shall terminate and the Earnest Money shall be refunded to Buyer. If Buyer does not so terminate, this Agreement shall remain in effect.
 - B. Site Approvals. Buyer shall have 300 days from the expiration of the Due Diligence Period (the "Site Approval Period") to receive all land use and building permit approvals from the City of Oregon City or other regulatory agency ("Site Approvals"), needed to construct the Project (as such term is defined below). Buyer shall, in a professional and workmanlike manner, proceed to obtain the Site Approvals in a timely manner and at Buyer's sole cost, energy, and efforts. In the event that Buyer fails to obtain the Site Approvals prior to expiration of the Site Approval Period, this Purchase Agreement shall terminate and the Earnest Money shall be retained by Seller. If Buyer obtains the Site Approvals, the sale of the Property shall close within thirty (30) days of the expiration of the Site Approval period provided that Buyer has complied with the terms of paragraph D below regarding financing.
 - C. Agreement to Relocate Powerlines and Underground Distribution Lines.
 - (1) Except as to the costs set forth in (2) below, Seller and Buyer shall equally split the costs to re-route high voltage transmission lines away from Main Street and the front of the proposed development.
 - (2) Buyer will at Buyer's sole cost and expense provide pathway for underground distribution wires along Main Street up to 600' along the south side of Main Street, which includes conduit and two vaults.
 - D. Financing. Buyer acknowledges that the fair market value of the Property is approximately \$920,000 and that the Seller is agreeing to sell the property to the Buyer for \$920,000 dollars and providing a credit at closing of \$920,000 dollars, on the condition that Buyer timely commences construction and timely completes the Project. Time is of the essence of Buyer's obligations. Prior to the closing date, Buyer shall

deliver to Seller, (i) evidence of all sources and terms of Project purchase financing and construction financing for the Project, both debt and equity, and (ii) evidence of a completion of construction guarantee that includes Seller as a beneficiary authorized to enforce the guarantee and executed by financial guarantor approved in writing by Seller which approval shall not be unreasonably withheld. Also prior to the Closing Date, Seller must have determined that such Project purchase financing, construction financing, and completion of construction guarantee, are commercially reasonable and subordinate to the Seller's interest in the Deed Restriction (as such term is defined below). If Buyer does not timely satisfy the financing conditions set forth in this paragraph, Seller shall have the right to terminate the Agreement and retain the Earnest Money.

- E. Deed Restriction. The conveyance of the Property to Buyer shall be made upon condition, to be included as part of the Deed or another document recorded contemporaneously with the Deed, that shall provide for a continuing restrictive covenant ("Deed Restriction") that the Property will be used for the development and construction of the Project, as defined below. The Deed Restriction shall require Buyer to complete a development on the Property in conformance with the following requirements:
- (1) Project. The Project will consist of one hotel building (the "Building"), comprised of the Retail Component and the Hotel Component, and served by the Parking Component (collectively, the "Project"). The Building will be consistent with the character of historic Downtown Oregon City.
 - (2) Retail Component. The Retail Component will consist of the following elements
 - (a) Ground floor retail uses along the entire length of the building frontage on Main Street.
 - (b) Hotel lobby entrance and large hotel foyer with access to retail components
 - (3) Hotel Component. The Hotel Component will consist of the following elements.
 - (a) At least four resident floors above the Retail Component consisting of a targeted 85 rooms plus in total.
 - (b) The Hotel Component will be served by a main entrance and interior access to the resident units.
 - (c) An intended restaurant on the top floor of the hotel
 - (4) Parking Component. The Parking Component will consist of the following elements.
 - (a) At least ninety (90) parking spaces reserved for public use for twenty-four (24) hours, seven (7) days per week. The ninety (90) parking spaces shall be leased to Seller for a period of ninety-nine (99) years at \$1.00 per year pursuant to a lease agreement between Seller and Buyer (the "Lease"). Buyer acknowledges that Seller may install a parking kiosk for the ninety (90) parking spaces and may charge parking fees for the use of such spaces. Seller acknowledges that Buyer may charge parking fees for the use of hotel patron parking spaces. Both parties shall negotiate in good faith to arrive at shared parking agreement.

- (b) At least one (1) parking stall for each unit in the Hotel Element, and dedicated for use by the residents of the Hotel Element.
 - (c) Direct access from the Parking Element to the interior of the Building.
 - (d) Screening from pedestrians on Main Street and 13th Street.
- (5) Timeline. The Project shall proceed consistent with the following terms.
- (a) Commencement of Construction. Within ninety (90) days following the Closing Date, Buyer shall have commenced pouring of the Project foundation
 - (b) Completion of Construction. Construction of the Project shall be complete within twenty-four months following the Closing Date.
 - (c) Force Majeure. Buyer's obligations under this subparagraph (5) shall be subject to force majeure.
- (6) Public Improvement. Buyer acknowledges that the parking garage portion of the Project may constitute a "public improvement" under Oregon law requiring the payment of prevailing wages. Buyer shall seek a determination of the Oregon Bureau of Labor and Industries as to the payment of prevailing wages and Buyer shall comply with the same.
- (7) Development Agreement. On or before closing, Buyer and Seller shall enter into a Development Agreement documenting the terms and conditions of the Project development.

2. Closing. The Closing Date shall be within thirty (30) days from the earlier to occur of the following events: (1) The last day of the Site Approval Period or after Buyer has given Seller written notice that Buyer has waived the Site Approval Period contingency, or (2) Buyer's receipt of final approval of all Site Approvals.

3. Seller's Post-Conveyance Remedies. If Buyer violates the terms of the Deed Restriction after the Property is conveyed to the Buyer, including but not limited to the Buyer's failure to complete the Project in the allotted time, Seller shall have all available remedies, including, but not limited to the following remedies.

- A. The conveyance to the Buyer shall be made upon a condition subsequent to the effect that, in the event of Buyer's violation of the Deed Restriction, Seller, in its sole discretion shall have the right to re-enter the Property and terminate (and revest in Seller) the estate conveyed by the Deed, terminate Buyer's right to develop the Project, and resell the Property upon terms and conditions satisfactory to Seller at Seller's sole discretion. In the event of such an action by Seller, Buyer shall be entitled to the amount received by Seller upon Seller's re-sale of the Property less all expenses and costs reasonably incurred by Seller resulting from Buyer's failure to comply with the terms of the Deed Restriction. Seller shall provide the sum identified in this section to Buyer within thirty (30) days of the closing of a sale of the Property by Seller to another purchaser for value. Buyer agrees that, in the event Seller exercises its rights under this section, Buyer is obligated and agrees to cooperate in all actions and requirements necessary to revest the Property in Seller, including signing deeds, agreements, or documents as necessary to memorialize the revestment of the Property in Seller. At closing, Buyer shall execute

the quitclaim deed set forth in Exhibit C to be held by the Title Company pursuant to the escrow instructions set forth in Exhibit C.

- B. Any delay by Seller in instituting or prosecuting any actions or proceedings, or otherwise asserting its rights under this section shall not operate as a waiver of such rights or to deprive it of or limit such rights in any way, it being the intent of this provision that Seller not be constrained because of legal doctrines to the contrary, including, but not limited to waiver, laches, or estoppel, so as to avoid the risk of being deprived of or limited in the exercise of the remedy provided to Seller in this section. Nor shall any waiver in fact made by Seller with respect to any specific violation or default by the Buyer be considered or treated as a waiver of the rights of Seller with respect to any other violation or default except to the extent specifically waived in writing by Seller.

4. Acknowledgement of City Acting in Land Use and Permit Approval Capacity. The sale of the Property from the Seller to Buyer is not a guarantee that the Project as proposed will meet all plans, codes and regulations of the Seller acting in its capacity as the City. Buyer will have to obtain all necessary permits and approvals from the jurisdictions regulating the Property. Buyer acknowledges that the Seller has made no promises concerning issuance by the Seller acting in its capacity as the City of any permits or other approvals for the Project and the Buyer agrees to hold the Seller and the Seller acting in its capacity as the City harmless in connection with the Seller's exercise of its municipal authority (including any discretionary authority) as to the issuance of permits and other approvals that may be necessary for the Project.

5. Sale of the Property Within Five (5) Years. If Buyer sells the Property within five (5) years of the Project's completion, Buyer shall pay Seller \$325,000 (the "Sale Covenant"). The Sale Covenant shall include any sale or transfer of a controlling ownership or management interest to any Buyer assignee. The Sale Covenant shall be included with the Restrictive Covenant.

6. Site Survey. With sixty (60) days of the effective date of the Purchase Agreement, Seller shall have prepared at Seller's sole cost and shall deliver to Buyer a site survey of the Property.

7. Selling Firm Brokerage Commission. Seller and Buyer shall pay the Selling Firm a brokerage fee in the total amount of \$27,600, with Buyer and Seller splitting it equally (that is Buyer and Seller shall each pay \$13,800 of the brokerage fee).

8. Documentation of Terms and Conditions of the Development Agreement. Buyer and Seller shall use reasonable efforts to reach agreement on all of the terms and conditions of the Restrictive Covenant, Development Agreement and the Parking Lease within sixty (60) days from the end of the Due Diligence period. Within thirty (30) days from the end of the Due Diligence period, Seller shall deliver to Buyer drafts of the proposed Lease, Development Agreement and Restrictive Covenant for Buyer's review. If Buyer and Seller have not agreed to the final terms of the Lease, the Development Agreement and the Parking Lease on or before the date that is sixty (60) days after the end of the Due Diligence period, then this Agreement shall automatically terminate and Buyer shall be entitled to the return of the Earnest Money.

9. Escrow Charge and Title Premium. Buyer shall be solely responsible for the payment of the escrow charge (including charges resulting from implementing Exhibit C) and the title insurance policy charge.

EXHIBIT C

FORM OF QUITCLAIM DEED AND ESCROW INSTRUCTIONS

After recording return to and,
until a change is requested,
all tax statements shall be sent to:

City of Oregon City
625 Center Street
Oregon City, OR 97045
Attn: Economic Development Director

QUITCLAIM DEED

Vic Patel ("Grantor"), releases and quitclaims to the City of Oregon City (together with any successor public agency designated by or pursuant to law, "Grantee"), all right, title and interest in and to the following described real property:

Other property or value was either part or the whole consideration.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

[Signature page to follow]

Dated this ____ day of _____, 20__.
_____, a _____

By: _____
Name: _____
Title: _____

Accepted this ____ day of _____, 20__.

THE CITY OF OREGON CITY.

By: _____
Name: _____
Title: _____

STATE OF OREGON)
) ss.
County of Clackamas)

This instrument was acknowledged before me on _____, 20__, by
_____, as _____ of _____, a
_____, on its behalf.

Notary Public for
My commission expires: _____

STATE OF OREGON)
) ss.
County of Clackamas)

This instrument was acknowledged before me on _____, 20__, by
_____, _____ of the OREGON CITY URBAN RENEWAL AGENCY,
the duly designated urban renewal agency of the City of Oregon City, on its behalf.

Notary Public for
My commission expires: _____

EXHIBIT C (Continued)

ESCROW INSTRUCTIONS FOR QUITCLAIM DEED

Fidelity National Title Insurance Company

Attention: [INSERT TITLE OFFICER]

Re: Escrow No. _____

The City of Oregon City ("Seller") conveyed certain real property ("Property") to Vic Patel ("Buyer"), pursuant to that Bargain and Sale Deed dated as of _____, 20__ ("Deed"), recorded _____, 20__ as Document No. _____, Records of Clackamas County, Oregon; and subject to that Restrictive Covenant dated as of _____, 20__ ("Deed Restriction") recorded _____, 20__ as Document No. _____, Records of Clackamas County, Oregon. The Property is the subject of this escrow and is described in the accompanying quitclaim deed ("Quitclaim Deed").

The Deed Restriction provides that, under certain circumstances, Seller is entitled to reconveyance of the Property pursuant to a Quitclaim Deed and Escrow Instructions. This document constitutes those escrow instructions and is for the purpose of irrevocably instructing you as to the disposition of the accompanying Quitclaim Deed.

In the event that you receive from Seller the Reentry Notice as specified in the Deed Restriction, and a notice signed by Seller's Economic Development Director or City Manager certifying that a copy of said notice has been delivered concurrently to Buyer and certifying that a termination of all rights, title and interest of Buyer in the Property has occurred, and that rights to the Property described in the Quitclaim Deed have reverted in Seller pursuant to the Deed Restriction ("Notice of Termination"), you shall at the end of thirty (30) days after receipt of said Notice of Termination and Repurchase Price, record the subject Quitclaim Deed unless within said thirty (30) day period, you are notified by Seller that Seller has withdrawn the Notice of Termination.

In the event that there still remains in your possession an undisposed Quitclaim Deed by **[insert date two (2) years after the Closing Date]** you shall contact Seller and Buyer as to its disposition.

These instructions may not be withdrawn or in any way amended, modified or waived without the prior written consent of both of the parties hereto.

Please indicate your acceptance of and agreement to carry out these instructions as indicated below.

Very truly yours,

VIC PATEL

Vic Patel

Very truly yours,

CITY OF OREGON CITY, an Oregon municipal corporation

By: _____
Name: _____
Title: _____

Accepted and agreed to this
____ day of _____, 20__

_____, Title Insurance Company

By: _____
Name: _____
Title: _____