

**PURCHASE AGREEMENT
AND
ESCROW INSTRUCTIONS**

BETWEEN: Richard C. and Rose A. Rankin (collectively, "Seller")

And: City of Tigard, ("Purchaser")
a Municipal corporation

DATED: _____, _____, 2012 ("Effective Date")

RECITALS

A. Seller owns certain real property in the city of Tigard, county of Washington, Oregon, commonly known as 13001 SW Gallin Court, Tigard, OR 97223, further identified as Tax Lot 3500 and Assessor's Map No. 2S104DA03500, which is more fully described on the attached and incorporated **Exhibit A** (the "Property").

B. Seller desires to sell the Property, and Purchaser desires to purchase the Property pursuant to the terms set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as set forth below.

**ARTICLE 1
DEFINED TERMS**

1.1 Cash. The term "Cash" means (i) United States currency, (ii) a check currently dated and payable to Escrow Holder, or (iii) U.S. funds credited by wire transfer into Escrow Holder's bank account.

1.2 Closing. The process described in Article 9 of this Agreement.

1.3 Closing Date. Closing shall occur no later than forty-five (45) days after the Effective Date, or on such other date as the parties may agree upon in writing.

1.4 Contingency Period. The period that ends thirty (30) days after the Effective Date.

1.5 Deed. A statutory warranty deed in the form of **Exhibit B** attached hereto which shall be used to convey the Property from Seller to Purchaser.

1.6 Earnest Money. The cash payable to Seller pursuant to Section 2.2 of this Agreement in the amount of Five Thousand and No/100 Dollars (\$5,000.00), plus all interest which accrues thereon.

1.7 Environmental Laws. Any federal, state, or local laws, ordinances, codes, statutes, regulations, administrative rules, policies and orders, and other authority existing now or in the future that classify, regulate, list, or define Hazardous Materials.

1.8 Escrow Holder. First American Title, located at 9200 SE Sunnybrook Blvd, Suite 400, Clackamas, Oregon, 97015, Phone: (503) 659-0069.

1.9 Escrow. The escrow opened by Escrow Holder pursuant to this Agreement.

1.10 Hazardous Materials. Any toxic or hazardous substance, material, waste, pollutant, contaminant, or infectious or radioactive material, including but not limited to those substances, materials, waste, chemicals, or mixtures that are (or that contain any) substances, chemicals, compounds, or mixtures regulated, either now or in the future, under any law, rule, regulation, code or ordinance.

1.11 Post-Closing Occupancy Agreement. The agreement identified in Exhibit C.

1.12 Property. The term "Property" as defined in this Agreement, includes land described in Exhibit A, together with all improvements, rights, privileges, servitudes and appurtenances thereunto belonging or appertaining, including all right, title, and interest of Seller, if any, in and to the streets, alleys, and rights-of-way adjacent to the land, which will be transferred to Purchaser at Closing.

1.13 Property Documents. Any and all documents relating to or affecting the Property, including without limitation, conditional use permits, land use approvals, land use applications, permits, licenses, any agreements related to the Property that will survive Closing, maps, development agreements, surveys and studies relating to the Property prepared by third parties.

1.14 Purchase Price. Cash in the amount of Five Hundred Fifteen Thousand and No/100 Dollars (\$515,000.00).

ARTICLE 2 EARNEST MONEY AND PURCHASE PRICE

2.1 Sale of Property. Subject to the terms and conditions in this Agreement, Seller agrees to sell the Property to Purchaser, and Purchaser agrees to buy the Property from Seller.

2.2 Earnest Money. Within five (5) business days after the opening of Escrow as set forth in Section 3.1, Purchaser shall deposit the Earnest Money into Escrow. Escrow Holder shall hold the Earnest Money in a non interest-bearing account that is FDIC insured, unless the parties approve holding the Earnest Money in an interest bearing account. The Earnest Money shall be refundable to Buyer until the Contingency Period (defined in Section 1.4) expires or the conditions precedent to Closing set forth in Section 4 of this Agreement are waived in writing by Purchaser; thereafter, the Earnest Money shall not be refundable except in the event of a Seller default. The Earnest Money shall be applicable to the Purchase Price at closing.

2.3 Purchase Price. The Purchase Price shall be paid by Purchaser in Cash to Seller at the Closing, subject to any withholdings required pursuant to this Agreement. The Earnest Money shall be applied to the Purchase Price.

ARTICLE 3 DELIVERIES TO ESCROW HOLDER

3.1 Opening of Escrow.

3.1.1 Within five (5) business days after the Effective Date, Purchaser and Seller shall open Escrow by depositing with Escrow Holder the Earnest Money and a fully executed photocopy of this Agreement for use as escrow instructions. Escrow Holder shall execute the Consent of Escrow Holder which appears at the end of this Agreement and deliver a fully executed consent to Purchaser and Seller.

3.1.2 Purchaser and Seller hereby authorize Escrow Holder to take necessary steps for the Closing of this transaction pursuant to the terms of this Agreement.

3.1.3 Purchaser and Seller may jointly or separately prepare additional escrow instructions. Escrow Holder may also provide general instructions. If there is any inconsistency between the provisions of any of these instructions and this Agreement, the provisions of this Agreement shall control.

3.2 Purchaser's Deliveries. At or before Closing, Purchaser shall deposit into Escrow (i) the Earnest Money as provided in Section 2.2, (ii) the Purchase Price, (iii) an executed and acknowledged counterpart acceptance of the Deed, (iv) an executed counterpart of the Post-Closing Occupancy Agreement, and (v) all other documents and instruments reasonably requested by Escrow Holder for Closing.

3.3 Seller's Deliveries. At or before Closing, Seller shall deliver into Escrow (i) an executed and acknowledged counterpart of the Deed, (ii) an executed Certificate of Non-Foreign Status, pursuant to Section 1445(b)(2) of the United States Internal Revenue Code, (iii) an executed counterpart of the Post-Closing Occupancy Agreement, and (iv) all other documents and instruments reasonably requested by Escrow Holder for Closing. At Closing, Seller shall deliver possession of the Property to Purchaser, subject to the Post-Closing Occupancy Agreement.

ARTICLE 4 CONDITIONS PRECEDENT TO CLOSING

4.1 Purchaser's Right to Analyze Property Documents. Within ten (10) days after the Effective Date, Seller shall deliver all Property Documents in Seller's possession or control to Purchaser. During the Contingency Period, Purchaser shall have the right to analyze the Property Documents and determine, in Purchaser's sole, absolute and arbitrary discretion, whether the Property is suitable for Purchaser's intended use.

4.2 Purchaser's Right to Analyze Property. During the Contingency Period, Purchaser shall have the right to analyze the Property and determine, in Purchaser's sole,

absolute and arbitrary discretion, whether the Property is suitable for Purchaser's intended use (the "Study Period"). During the Contingency Period, Purchaser, or its agents shall have the right to enter onto the Property upon one (1) days' notice to Purchaser, to conduct any and all tests, investigations, and inspections deemed necessary by Purchaser, including without limitation a Level I environmental site assessment, a geotechnical assessment or any other assessments or inspections related to the drainage improvement project Purchaser is currently designing for the Property. Such investigations and/or studies shall be conducted by Purchaser at its sole expense. If the transactions contemplated in this Agreement fail to close for any reason other than a breach of this Agreement by Seller, Purchaser shall promptly restore the Property to substantially the condition the Property was in prior to Buyer's performance of any inspections or work. Purchaser shall defend, indemnify and hold Seller harmless for, from, and against any claim, loss, or liability, or any claim of lien or damage which arises in connection with any entry on the Property by Purchaser or any activities on the Property by Purchaser, its agents, employees, and independent contractors; provided, however, that Purchaser shall have no obligation to indemnify, defend, or hold harmless Seller from any condition of the Property discovered by Purchaser, or from any loss of marketability of the Property as a consequence of such discovery.

4.3 Notice of Termination; Failure to Notify. If Purchaser determines, in Purchaser's sole, absolute, and arbitrary discretion, the Property is not suitable, Purchaser may terminate this Agreement and cancel Escrow by delivering written notice of termination to Seller prior to the expiration of the Contingency Period, in which case this Agreement shall immediately terminate and Escrow Holder shall immediately return the Earnest Money to Purchaser.

4.4 Review of Preliminary Report. Within ten (10) days after the Effective Date, Seller shall provide Purchaser with a preliminary title report issued by the Escrow Holder, describing title to the Property, and including legible copies of all recorded documents described in the preliminary report and plotted easements (collectively, the "Preliminary Report"). On or before ten (10) days after Purchaser's receipt of the Preliminary Report, Purchaser shall deliver written notice of approval or disapproval of matters disclosed in the Preliminary Report, which approval or disapproval shall be in Purchaser's sole and absolute discretion. Failure of Purchaser to deliver notice of disapproval of any matters disclosed in the Preliminary Report within such ten (10) day period shall be deemed rejection of all such matters. Unless a disapproved item is waived pursuant to Section 4.6, the approved matters disclosed in the Preliminary Report along with the standard printed exceptions on a form of title insurance policy, shall be the "Permitted Exceptions" included as exceptions in the Title Policy, defined in Section 4.7.

4.5 Right to Cure Disapproval of Preliminary Report. If Purchaser delivers notice of disapproval pursuant to Section 4.4 above, Seller may elect in writing, within five (5) days thereafter, to agree to remove or otherwise cure, to Purchaser's reasonable satisfaction, any disapproved item(s) prior to Closing. Notwithstanding any provision in this Agreement to the contrary, Seller shall be obligated to remove any deeds of trust and other monetary liens (other than liens for non-delinquent taxes and assessments).

4.6 Failure to Cure Disapproval of Preliminary Report. If Seller fails to agree to cure a disapproved item, or agrees to cure and thereafter fails to cure a disapproved item prior to Closing, Purchaser shall have the right to (i) terminate this Agreement and receive a full refund

of the Earnest Money or (ii) waive in writing its prior disapproval of such item and accept title subject to such previously disapproved item, by delivering written notice of Purchaser's election to Seller prior to Closing.

4.7 Title Policy. Seller shall be unconditionally committed to procure from Escrow Holder upon the Closing, an ALTA standard coverage owner's policy of title insurance for the Property, with a liability limit in the amount of the Purchase Price, and insuring fee title vests in Purchaser subject only to the Permitted Exceptions (collectively, the "Title Policy"). At Purchaser's option, Purchaser may elect to have the Title Policy issued with endorsements and/or in an ALTA extended coverage form, provided that Purchaser pays any additional costs associated with issuance of such policy and pursuant to section 8.4 of this Agreement.

4.8 Approval of Leases; No Tenancies.

4.8.1 Leases. Within ten (10) days of the Effective Date, Seller will provide to Purchaser copies of all current leases affecting the Property, and copies of any and all documents other than leases which provide for or discuss any matters affecting the occupancy of the Property by tenants, including but not limited to options to lease, relocation rights, termination rights, and/or expansion or contraction rights (collectively, the "Lease Documents"). Purchaser may terminate this Agreement at any time during the Contingency Period if Purchaser shall determine in the exercise of its sole discretion that the documents described in Section 4.1 or the Lease Documents are not satisfactory.

4.8.2 No Tenancies. At least five (5) days prior to the Closing Date, Seller shall have terminated any tenancy provided for in the Lease Documents and rendered the Property free of any occupants whatsoever.

4.9 Council Approval. This Agreement is contingent upon approval from the City Council of the City of Tigard. If such approval is not received by December 14, 2012, Purchaser shall have the right to terminate this Agreement and receive a full refund of the Earnest Money.

4.10 Statutory Disclosure Statement. Within ten (10) days after the Effective Date, Seller shall deliver to Purchaser a completed statutory property disclosure statement ("Statement"). During the Contingency Period, Purchaser shall analyze the statement and determine, in Purchaser's sole, absolute and arbitrary discretion, whether the Property is suitable for Purchaser's intended use.

4.11 Settlement Agreement. The parties acknowledge that the Purchaser is purchasing this Property as part of a settlement of Seller's tort claims related to the Property. Purchaser's obligation to purchase the Property is expressly conditioned on the parties entering into a settlement agreement resolving Seller's tort claims ("Settlement Agreement"). If the parties have not entered into such Settlement Agreement by the expiration of the Contingency Period, this Agreement shall automatically terminate and the Earnest Money shall be returned to Purchaser.

4.12 Contingency Failure. In the event any of the contingencies set forth in Section 4 are not timely satisfied or waived, this Agreement and the rights and obligations of the Purchaser

and the Seller shall automatically terminate, and the Earnest Money shall immediately be returned to Purchaser.

ARTICLE 5 COVENANTS AND AGREEMENTS

5.1 Damage or Destruction; Eminent Domain. If, prior to the Closing, all or a part of the Property is damaged or destroyed, or taken or appropriated by any public or quasi-public authority under the power of eminent domain or such an eminent domain action is threatened pursuant to a resolution of intention to condemn filed by any public entity, Purchaser may either (i) terminate this Agreement and receive a refund of the Earnest Money, or (ii) elect to receive an assignment from Seller in lieu of the part of the Property that has been so damaged or taken of all of Seller's rights to any award and/or proceeds attributable to said damaged or taken part of the Property, and the parties shall proceed to Closing pursuant to this Agreement.

5.2 Seller Indemnification; Insurance.

5.2.1 Seller shall defend (with counsel reasonably acceptable to Purchaser), indemnify, and hold harmless Purchaser and its officers, managers, representatives, employees, and agents (collectively, the "**Indemnified Persons**") from and against any and all claims, demands, actions, suits, damages, liabilities, injury to persons or property, costs, penalties, fines or expenses (including reasonable attorney, engineering, and other professional or expert fees) which, in whole or in part, directly or indirectly, arise from or are in any way connected with Seller's ownership of the Property prior to Closing. However, this indemnity obligation does not apply to any claims that arise from, are connected with or are in any way related to flooding, landslides or erosion that has and continues to occur and which is the subject of the Settlement Agreement. Seller will hold Purchaser harmless from any claims by consultants Seller hired to deal with the flooding/landslide/erosion issue.

5.2.2 From the Closing Date through the expiration or earlier termination of the Post-Closing Occupancy Agreement described in Section 5.3 below, Seller shall maintain a policy of commercial general liability insurance, in an amount of not less than One Million Two Hundred Thousand and No/100 Dollars (\$1,200,000.00) combined single limit, from a company reasonably acceptable to Purchaser. Seller shall provide Purchaser with certificates of insurance which, among other things, shall show Purchaser and its officers, directors, and employees named as an additional insured in such policy and shall provide Seller with a copy of the insurance company's endorsement to the liability policy adding such additional insureds or other evidence that Purchaser and the Indemnified Persons as additional insureds as provided in this Section. Seller's liability shall not be limited to the policy limits of the above-required insurance.

5.2.3 The provisions of this Section 5.2 will survive Closing.

5.3 Post-Closing Occupancy Agreement. At Closing, Purchaser and Seller shall sign the Post-Closing Occupancy Agreement, the form of which is attached hereto as Exhibit C and incorporated herein by this reference. After Closing, the Seller shall be entitled to remain on the Property without any obligation to pay rent to Purchaser pursuant to the terms

of the Post-Closing Occupancy Agreement. The provisions of this Section 5.3 shall survive Closing.

ARTICLE 6 SELLER'S REPRESENTATIONS, WARRANTIES AND COVENANTS

6.1 Representations and Warranties of Seller. Seller represents, warrants, and covenants that, as of the Effective Date, the end of the Contingency Period, and the Closing, that all of the representations and warranties contained in this Agreement are and shall be true and correct, and shall survive Closing for a period of one (1) year. Each of Seller's representations and warranties is material to and is being relied upon by Purchaser and the continuing truth thereof shall constitute a condition precedent to Purchaser's obligations hereunder. Seller represents and warrants to Purchaser as follows:

6.1.1 Proof of Authority. Seller has authority and authorization to enter into this Agreement and consummate the transaction contemplated by it, and shall deliver such proof of the power and authority of the persons executing and/or delivering any instruments, documents, or certificates on behalf of the Seller to act for or bind the Seller, as may be reasonably required by the Escrow Holder and/or the Purchaser.

6.1.2 Title to the Property. Seller has sole legal and beneficial fee title to the Property, and has not granted any person or entity any right or interest in the Property except as set forth in this Agreement and in the Preliminary Report. Seller agrees to transfer to Purchaser, via Deed, the Property, subject only to the Permitted Exceptions.

6.1.3 Property Documents, Lease Documents; No Defaults. To Seller's knowledge, the Property Documents and Lease Documents delivered by Seller to Purchaser are true, correct and complete copies and there are no other documents or instruments that would constitute Property Documents or Lease Documents that have not been delivered by Seller or otherwise made available to Purchaser. Seller is not in default under any Property Documents or Lease Documents and to Seller's knowledge, no other party to the Property Documents or Lease Documents is in default under such documents. Seller warrants that the services associated with the Property Documents and Lease Documents, have been, or will be, paid for by Seller no later than Closing.

6.1.4 Pending Transactions, Suits or Proceedings. Except for the tort claims referenced in Section 4.11 of this Agreement, there are no transactions, suits, proceedings, litigation (including zoning or other land use regulation proceedings), condemnation, or investigations pending or to Seller's knowledge, threatened against or affecting the Property or Seller as the owner of the Property in any court at law or in equity, or before or by any governmental department, commission, board, agency or instrumentality.

6.1.5 Defects. Except as set forth in the Statement, to the best of Seller's knowledge, there are no latent or other defects or conditions on or about the Property that would cause injury or damage to persons or property, or that would have a material adverse effect on lawful uses of the Property.

6.1.6 No Further Encumbrances. As long as this Agreement remains in force, Seller will not lease, transfer, option, mortgage, pledge, or convey its interest in the Property or any portion thereof nor any right therein, nor shall Seller enter into any agreement granting to any person or entity any option to purchase or rights superior to Purchaser with respect to the Property or any part thereof.

6.1.7 Hazardous Materials. To Seller's knowledge, no Hazardous Materials have been generated, disposed of, deposited or released (or caused to be generated, disposed of or released) on, within, under, about or from the Property. To Seller's knowledge, no other party or person has used, stored, transported, generated, disposed of or released on, within, under, about or from the Property any Hazardous Materials. Without limiting the foregoing, neither Seller nor, to Seller's knowledge, any other party, has installed, operated or maintained any underground storage tanks on or adjacent to the Property, and the Property is not now, and has never been, in violation and is not currently under investigation for the violation of any Environmental Laws. To Seller's knowledge, there is no asbestos or lead paint on the Property. Seller hereby assigns to Purchaser as of the Closing, to the extent assignable, all claims, counterclaims, defenses or actions, whether at common law or pursuant to any other applicable federal or state or other laws, if any, that Seller may have against third parties to the extent relating to the existence of Hazardous Materials in, at, on, under or about the Property.

6.1.8 Access; Possession. The Property has legal and physical access to a publicly-dedicated street or road. Except as reflected in the Lease Documents, there are no leases or tenancies in effect on the Property and possession thereof can and will be delivered to Purchaser upon Closing.

6.1.9 Construction or Other Liens. Seller warrants that, at the time of Closing, no work, labor or materials have been expended, bestowed or placed upon the Property, adjacent thereto or within any existing or proposed assessment district which will remain unpaid at Closing or upon which a lien may be filed.

6.1.10 No Option or Right of First Refusal to Acquire Property. Seller represents that no person or entity has any right of first refusal or option to acquire any interest in the Property or any part thereof.

6.1.11 Conduct Pending Closing; Covenants.

6.1.11.1 Conduct of Property. Seller hereby agrees that Seller will not modify, cancel, extend or otherwise change in any material manner any of the terms, covenants or conditions of the Property Documents or Lease Documents, nor enter into any additional leases as to the Property without Purchaser's prior written consent, nor enter into any other agreements having a material effect on the Property without the prior written consent of Purchaser, which Purchaser shall not unreasonably withhold.

6.1.11.2 Binding Effect of Documents. This Agreement and the other documents to be executed by Seller hereunder, upon execution and delivery thereof by Seller, will have been duly entered into by Seller, and will constitute legal, valid and binding obligations of Seller. To Seller's actual knowledge, neither this Agreement nor anything

provided to be done under this Agreement violates or shall violate any contract, document, understanding, agreement or instrument to which Seller is a party or by which it is bound.

6.1.11.3 No Alterations. Seller will not make any material alterations to the Property prior to the Closing.

6.1.11.4 Condition of the Property Through Closing. Seller shall, between the Effective Date and the Closing Date: (i) maintain the Property in substantially the same condition as it was on the Effective Date, with no tree cutting, timber harvesting or altering of the Property in any way, (ii) keep all existing insurance policies affecting the Property in full force and effect, (iii) make all regular payments of interest and principal on any existing financing, (iv) pay all real property taxes and assessments against the Property prior to delinquency, (v) comply with all government regulations, and (vi) keep Purchaser timely advised of any repair or improvement required to keep the Property in substantially the same condition as it was on the Effective Date.

ARTICLE 7 PURCHASER'S REPRESENTATIONS AND WARRANTIES

7.1 Purchaser's Representation and Warranties. Purchaser represents and warrants that, as of the Effective Date, the end of the Contingency Period, and Closing, all of the representations and warranties of Purchaser contained in this Agreement are and shall be true and correct, and shall survive Closing for a period of one (1) year. Each of Purchaser's representations and warranties is material to and is being relied upon by Seller and the continuing truth thereof shall constitute a condition precedent to Seller's obligations hereunder. Purchaser represents and warrants to Seller as follows:

7.1.1 Authority. The execution and delivery of this Agreement has been duly authorized and approved by all requisite action of Purchaser, and the consummation of the transactions contemplated hereby will be duly authorized and approved by all requisite action of Purchaser, and no other authorizations or approvals will be necessary in order to enable Purchaser to enter into or to comply with the terms of this Agreement.

7.1.2 Binding Effect of Documents. This Agreement and the other documents to be executed by Purchaser hereunder, upon execution and delivery thereof by Purchaser, and if approved by City Council subject to Section 4.9 of this Agreement, will have been duly entered into by Purchaser, and will constitute legal, valid and binding obligations of Purchaser. To Purchaser's actual knowledge, neither this Agreement nor anything provided to be done under this Agreement violates or shall violate any contract, document, understanding, agreement or instrument to which Purchaser is a party or by which it is bound.

ARTICLE 8 PRORATED FEES AND COSTS

8.1 Tax Prorations. Escrow Holder will prorate between the parties, based on the latest information available to Escrow Holder, all taxes, bonds and assessments ("Taxes") for the Property, except as provided in Section 8.2 below. If, after the Closing, either party receives a

bill for any Taxes, the parties agree that the Taxes shall be prorated between the parties to the Closing Date. The party receiving the bill for the Taxes shall notify the other party in writing of the amount of such Taxes and the party receiving that notice shall pay its prorated share of such Taxes within thirty (30) days of demand therefore, but not later than ten (10) days prior to delinquency. The parties' obligations under this Section shall survive Closing.

8.2 Penalties. Any penalties that would be due as a result of removal of the Property from any tax deferral program shall be charged to Seller as though the Property were removed from such program on the day prior to the Closing Date. Seller's obligations under this Section shall survive Closing.

8.3 Seller's Fees and Costs. If the collective cost of the items set forth in Section 8.4 (i), (ii), (iii), and (v) exceeds \$5,000, Seller shall pay the remainder of the amount owed.

8.4 Purchaser's Fees and Costs. Subject to Section 8.3, Purchaser shall pay (i) the Escrow Holder's escrow fee, (ii) all recording charges; (iii) the costs for the Title Policy, if requested by Purchaser, (iv) any extended coverage and endorsements for the Title Policy; and (v) any transfer taxes. Purchaser's obligation to pay for items (i), (ii), (iii) and (v) shall not exceed \$5,000.

8.5 Other Costs. Except as otherwise provided in this Agreement, each party shall bear and pay the expense of its own attorneys, accountants and other professionals incurred in negotiating this Agreement. Seller will pay their own moving and relocation expenses.

ARTICLE 9 CLOSING

9.1 Closing. Escrow Holder shall close Escrow by (i) recording the Deed; (ii) confirming execution of all documents necessary for Closing and (iii) delivering funds and documents as set forth herein, when and only when all terms and conditions of this Agreement have been met and each of the conditions set forth below have been satisfied:

9.1.1 Funds and Instruments. All funds and instruments required pursuant to this Agreement have been delivered to Escrow Holder.

9.1.2 Satisfaction of Conditions Precedent. Each of the conditions precedent set forth in the Agreement have been either satisfied or waived.

9.1.3 Liens and Encumbrances. All liens and encumbrances required to be paid by Seller have been paid and satisfied at Seller's sole expense, including without limitation any trust deed or mortgage affecting the Property. The Property shall be conveyed free of encumbrances, except for the Permitted Exceptions and those expressly accepted or waived by Purchaser pursuant to the terms of this Agreement.

9.1.4 Assignment of Lease Documents. Seller shall have executed the Assignment of Leases attached and incorporated to this Agreement as **Exhibit D**, if any ("Assignment of Leases").

ARTICLE 10
RECORDATION AND DISTRIBUTION OF FUNDS AND DOCUMENTS

10.1 Recorded Documents. Escrow Holder shall cause the County Recorder of Washington County to mail the Deed to Purchaser.

10.2 Conformed Copies. Escrow Holder shall at Closing deliver to Seller and Purchaser (i) a copy of the Deed, conformed to show recording date, and conformed copies of each document recorded to place title in the condition required by this Agreement, (ii) a copy of each non-recorded document received hereunder by Escrow Holder, and (iii) copies of all documents deposited into Escrow to the parties herein.

10.3 Payment of Funds at Closing. Escrow Holder shall deliver at Closing all amounts as set forth in the final, approved closing statement.

10.4 Original Documents. Escrow Holder shall at Closing deliver to Purchaser the Original Assignment of Leases.

ARTICLE 11
DEFAULT AND REMEDIES

11.1 Purchaser's Default. If Purchaser breaches this Agreement, which breach Purchaser fails to cure within thirty (30) days after receipt of written notice thereof from Seller, Purchaser shall be in default hereunder and Seller is entitled, as Seller's sole and exclusive remedy, to liquidated damages pursuant to this Article. If Escrow fails to close due to Purchaser's default, Purchaser shall pay all Escrow cancellation charges.

11.2 Seller's Remedies. In the event of Purchaser's default under this Agreement, the Earnest Money shall be forfeited by Purchaser and retained by Seller as liquidated damages. Such amount has been agreed by the parties to be reasonable compensation and the exclusive remedy for Purchaser's default, since the precise amount of such compensation would be difficult to determine. Seller shall have no right to any other damages, claims or actions against Purchaser. By initialing this provision in the spaces below, Seller and Purchaser each specifically affirm their respective agreement to this liquidated damages provision as Seller's sole and exclusive remedy for Purchaser's default, and agreement that the sum is a reasonable sum.

Purchaser's Initials

Seller's Initials

11.3 Seller's Default. If Seller breaches this Agreement, which breach Seller fails to cure within thirty (30) days after receipt of written notice thereof from Purchaser, Seller shall be in default of this Agreement. If Escrow fails to close due to Seller's default, Seller shall pay all Escrow cancellation charges.

11.4 Purchaser's Remedies. In the event of Seller's default under this Agreement, Purchaser shall have the right to either (i) terminate this Agreement, and upon such event the Earnest Money shall be immediately refunded to Purchaser, or (ii) seek an action for specific

performance in order to enforce Purchaser's rights hereunder. No provision of this Agreement shall be construed as waiving any of Purchaser's rights regarding eminent domain.

ARTICLE 12 ASSIGNMENT

12.1 Assignment by Purchaser. Purchaser may not assign or otherwise transfer any of its rights or obligations under this Agreement.

ARTICLE 13 GENERAL PROVISIONS

13.1 Attorneys Fees. If any action is instituted between Seller and Purchaser in connection with this Agreement, the party prevailing in such action shall be entitled to recover from the other party all of its costs of action, including, without limitation, attorneys' fees and costs as fixed by the court therein.

13.2 Construction of Agreement. The agreements contained herein shall not be construed in favor of or against either party, but shall be construed as if both parties prepared this Agreement.

13.3 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and all prior and contemporaneous agreements, representations, negotiations and understandings of the parties hereto, oral or written, are hereby superseded and merged herein. The foregoing sentence shall in no way affect the validity of any instruments executed by the parties in the form of the exhibits attached to this Agreement.

13.4 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Oregon.

13.5 Joint and Several Liability. If any party consists of more than one person or entity, the liability of each such person or entity signing this Agreement shall be joint and several.

13.6 Modification. No modification, waiver, amendment, discharge, or change of this Agreement shall be valid unless the same is in writing and signed by all signatories hereto.

13.7 Real Estate Brokerage Commission. Purchaser and Seller represent and warrant that no real estate agent or broker was involved in negotiating the transaction contemplated herein. In the event any claims for real estate commissions, fees or compensation arise in connection with this transaction, the party so incurring or causing such claims shall indemnify, defend and hold harmless the other party from any loss or damage, including attorneys' fees, that said other party suffers because of said claims. The obligations of the parties in the prior sentence shall survive Closing or the termination of this Agreement.

13.8 Notice and Payments. Any notice or document to be given pursuant to this Agreement must be delivered either in person, deposited in the United States mail duly certified

or registered, return receipt requested with postage prepaid, by electronic mail, or by Federal Express or other similar overnight delivery service marked for next business day delivery. Notices shall be effective upon receipt if delivered personally, upon confirmation of receipt if sent by electronic mail, on the next day if sent by overnight courier, or two (2) days after deposit in the mail if mailed. Any party listed below may designate a different address, which shall be substituted for the one specified below, by written notice to the others.

If to Seller: Richard and Rose Rankin
13001 SW Gallin Court,
Tigard, OR 97223
E-mail: _____

with a copy to: David P. Morrison
Cosgrave Vergeer Kester LLP
888 SW 5th Ave., Ste. 500
Portland OR 97204
E-mail: morrison@cosgravelaw.com

If to Purchaser: City of Tigard
Attn: City Manager
City Hall
13125 SW Hall Blvd
Tigard OR 97223
E-mail: marty@tigard-or.gov

with a copy to : Jeff Bennett
Jordan Ramis PC
Two Centerpointe Drive, 6th Floor
Lake Oswego, OR 97035
Fax: (503) 598-7373

13.9 Remedies Cumulative. Except as specifically set forth herein, all rights and remedies of Purchaser and Seller contained in this Agreement shall be construed and held to be cumulative.

13.10 Severability. In the event that any phrase, clause, sentence, paragraph, section, article or other portion of this Agreement shall become illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portions of this Agreement shall not be affected thereby and shall remain in force and effect to the fullest extent permissible by law.

13.11 Successors and Assigns. Subject to limitations expressed in this Agreement, each and all of the covenants and conditions of this Agreement shall inure to the benefit of and shall be binding upon the successors-in-interest, assigns, and representatives of the parties hereto. As used in the foregoing, "successors" shall refer to the parties' interest in the Property and to the successors to all or substantially all of their assets and to their successors by merger or consolidation.

13.12 Time of the Essence. Time is of the essence of each and every provision of this Agreement.

13.13 Legal Representation. Seller acknowledges that this is a legal document and that Seller has been advised to obtain and has obtained the advice of legal counsel in connection with its review and execution of this Agreement. Seller covenants that it will not deny the enforceability of this Agreement on the basis that Seller elects not to obtain legal counsel to review and approve this Agreement.

13.14 Waiver. No waiver by Purchaser or Seller of a breach of any of the terms, covenants or conditions of this Agreement by the other party shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, covenant or condition herein contained. No waiver of any default by Purchaser or Seller hereunder shall be implied from any omission by the other party to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect a default other than as specified in such waiver. The consent or approval by Purchaser or Seller to or of any act by the other party requiring the consent or approval of the first party shall not be deemed to waive or render unnecessary such party's consent or approval to or of any subsequent similar acts by the other party.

13.15 Negation of Agency and Partnership. Any agreement by either party to cooperate with the other in connection with any provision of this Agreement shall not be construed as making either party an agent or partner of the other party.

13.16 Calculation of Time. All periods of time referred to herein shall include Saturdays, Sundays and legal holidays in the State of Oregon, except that if the last day of any period falls on any Saturday, Sunday or such holiday, the period shall be extended to include the next day which is not a Saturday, Sunday or such holiday.

13.17 Statutory Disclaimer. THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. 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, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009 AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. 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 VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES 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, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009 AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

13.18 Counterparts. This Agreement may be executed in counterparts, each of which, when taken together, shall constitute fully executed originals.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

SELLER

PURCHASER

City of Tigard, an Oregon municipal corporation

By: _____
Richard C. Rankin

By: _____
Name: _____

By: _____
Rose A. Rankin

Its: _____

APPROVED AS TO FORM:

By: _____
City Attorney

- Exhibit A - Property
- Exhibit B – Deed
- Exhibit C – Post-Closing Occupancy Agreement
- Exhibit D – Assignment of Leases

CONSENT OF ESCROW HOLDER

The undersigned Escrow Holder hereby agrees to (i) accept the foregoing Agreement, (ii) be the Escrow Holder under said Agreement, and (iii) be bound by said Agreement in the performance of its duties as Escrow Holder; provided, however, the undersigned shall have no obligations, liability or responsibility under this Consent or otherwise unless and until said Agreement, fully signed by the parties, has been delivered to the undersigned.

DATED: _____, 2012.

By: _____
Name: _____
Title: _____

EXHIBIT A

Lot 21, Quail Hollow-West, Tigard, Washington County, Oregon. Together with an undivided interest in Tract "U".

EXHIBIT B

AFTER RECORDING RETURN TO:

City of Tigard
Attn: City Manager
City Hall
13125 SW Hall Blvd
Tigard OR 97223

UNTIL A CHANGE IS REQUESTED
SEND TAX STATEMENTS TO:

This space is reserved for recorder's use.

STATUTORY WARRANTY DEED

Richard and Rose Rankin, collectively, Grantor, whose address is: 13001 SW Gallin Court, Tigard, OR 97223, conveys and warrants to CITY OF TIGARD, an Oregon municipal corporation, Grantee, whose address is: 13125 SW Hall Blvd, Tigard OR 97223, the following described real property free of encumbrances except as specifically set forth herein:

Lot 21, Quail Hollow-West, Tigard, Washington County, Oregon. Together with an undivided interest in Tract "U".

The true consideration for this conveyance is Five Hundred Fifteen Thousand and no/100 (\$515,000.00). This conveyance is made subject to the matters set forth on Exhibit A attached hereto.

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, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. 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, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

DATED this _____ day of _____, 20__.

Richard C. Rankin

Rose A. Rankin

STATE OF OREGON)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 20____, by Richard C. Rankin.

NOTARY PUBLIC FOR OREGON
My Commission Expires: _____

STATE OF OREGON)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 20____, by Rose A. Rankin.

NOTARY PUBLIC FOR OREGON
My Commission Expires: _____

ACCEPTED:

GRANTEE

CITY OF TIGARD, an Oregon municipal corporation

By: _____

Name: _____

Its: _____

STATE OF OREGON)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 20____, by
_____ as _____ of the City of Tigard, an Oregon
municipal corporation.

NOTARY PUBLIC FOR OREGON
My Commission Expires: _____

Exhibit A

Exhibit C

Post-Closing Occupancy Agreement

LEASE AGREEMENT

This Lease Agreement (“Lease”) is entered by and between the City of Tigard, Oregon (“Landlord”) and Richard and Rose Rankin (“Tenant”) on _____, 2012 (“Effective Date”). Landlord and Tenant may be referred to as “Party” or collectively be referred to as the “Parties”.

RECITALS

A. Landlord and Tenant entered into a Purchase and Sale Agreement with an Effective Date of _____, 2012 (“Sale Agreement”) through which Tenant agreed to sell certain real property to Landlord located at 13001 SW Gallin Court, Tigard, OR 97223 (the “Property”). The Sale Agreement contained a condition (the “Closing Condition”) which provided that upon closing the transaction, Landlord agreed to lease the entire Property back to Tenant under the terms of a post-closing occupancy agreement. This Lease is the instrument which, upon full execution by Landlord and Tenant, constitutes satisfaction of the Closing Condition.

AGREEMENT

The Parties agree as follows:

1. PROPERTY. Landlord hereby leases the entire Property to Tenant pursuant to the terms of this Lease.

2. LEASE TERM. The lease term will start on the Effective Date and unless it is terminated earlier as provided in this Lease, will expire on the date that is one hundred twenty (120) days after the Effective Date of the Sale Agreement (the “Expiration Date”). The time between the Effective Date and the Expiration Date shall be the “Lease Term”.

3. LEASE PAYMENTS.

3.1 Monthly Base Rent. Tenant shall not be obligated to pay to Landlord any monthly base rent for the Property during the Lease Term.

3.2 Holdover Rent. Notwithstanding Section 3.1, because time is of the essence for Landlord in obtaining complete possession and control of the entire Property on the Expiration Date, in the event Tenant continues to possess all or any portion of the Property after the Expiration Date, Tenant shall be obligated to pay Landlord holdover rent in the amount of fifty and No/100 Dollars (\$50.00) per day from the Expiration Date until the date the entire Property has been returned to Landlord free of any possession by or possessory interest of Tenant.

3.3 Additional Rent. Additional Rent shall consist of all sums of money that shall become due from and payable by Tenant to Landlord under this Lease.

4. SECURITY DEPOSIT. None.

5. AS IS, WITH ALL FAULTS CONDITION. As the previous owner of the Property, Tenant is fully informed of all its physical conditions, and the physical condition of all buildings, structures, and building systems. In addition, Tenant has inspected or had the opportunity to inspect the Property, the fixtures, the grounds, building and improvements and acknowledges that the Property is in acceptable condition, and is habitable. If at any time during the Lease Term, in Tenant's opinion, the conditions change, Tenant shall promptly provide reasonable notice to Landlord. Tenant shall take possession of the Property and all of its improvements in an "AS IS CONDITION, WITH ALL FAULTS" basis. If this Lease required Landlord to make any representations or warranties, express or implied, relating to the condition of the Property or any improvements or building systems located on or in it, or to accept any liability with respect to the physical condition of the Property, Landlord would have required Tenant to pay monthly base rent.

6. DEFAULTS. If Tenant fails to perform or fulfill any obligation under this Lease, including without limitation, its obligation to vacate the Property on or before the Expiration Date, or shall abandon the Property for a period of more than thirty (30) consecutive days, Tenant shall be in default of this Lease. Subject to any statute, ordinance or law to the contrary, Tenant shall have seven (7) days from the date of notice of default by Landlord to cure the default unless a longer cure period is required by Oregon statute. In the event Tenant does not cure the default, Landlord may terminate the Lease, effective upon written notice to Tenant. In the event of default, Landlord may also, as permitted by law, re-enter the Property and re-take possession of the Property. The remedies set forth in this Section 6 shall not prevent Landlord from pursuing any other remedy available at law or in equity.

7. QUIET ENJOYMENT. Tenant shall be entitled to quiet enjoyment of the Property, and Landlord will not interfere with that right, as long as Tenant timely performs all of its obligations under this Lease.

8. POSSESSION AND SURRENDER OF PROPERTY. Tenant shall be entitled to possession of the Property on the Commencement Date. At the Expiration Date or earlier termination of the Lease, Tenant shall remove all personal property and peaceably surrender the Property to Landlord in good condition as it was at the Effective Date, reasonable wear and tear excepted.

9. USE OF PROPERTY. Tenant shall only use the Property as a personal residence. The Property shall not be used to carry on any type of business or trade, without prior written consent of the Landlord, which may be withheld in Landlord's reasonable discretion. Tenant will comply with all laws, rules, ordinances, statutes and orders regarding the use of the Property.

10. ASSIGNMENT AND SUBLEASE. Tenant shall not be permitted to assign its interest under this Lease nor shall Tenant be allowed to sublease any portion of the Property.

11. DANGEROUS OR HAZARDOUS MATERIALS. Tenant shall not keep or have on or around the Property (i) any item of a dangerous, flammable or explosive character that might unreasonably increase the risk of fire or explosion on or around the Property, or (ii) any item that might be considered a (A) hazardous or toxic substance, material or waste, or (B) pollutant, under any federal, state, regional or local statute, law, regulation or order.

12. UTILITIES AND SERVICES. Tenant will be responsible for obtaining and paying for all expenses related to Tenant's possession of the Property, including but not limited to all utilities and services required on the Property.

13. ALTERATIONS AND IMPROVEMENTS; TENANT'S REMOVAL RIGHTS. Tenant agrees not to make any improvements, alterations, or changes to the Property without prior written consent of the Landlord. If any alterations, improvements or changes are made to or built on or around the Property, with the exception of fixtures and personal property that can be removed without damage to the Property, they shall become the property of Landlord and shall remain at the expiration of the Lease.

14. DAMAGE TO PROPERTY TERMINATES LEASE. If the Property or part of it is damaged or destroyed by fire or other casualty during the Lease Term, then this Lease shall terminate as of the date of the casualty.

15. TENANT TERMINATION. Notwithstanding any other provision of this Lease, Tenant may terminate this Lease, prior to the Expiration Date, by providing thirty (30) days prior written notice to Landlord.

16. MAINTENANCE AND REPAIR. In consideration of the fact that this Lease is entered into as a sale and leaseback transaction for consideration negotiated and paid on the purchase, Tenant shall maintain the Property, and all buildings, improvements, fixtures, appliances, equipment and building systems thereon, and effect, at Seller's expense, all repairs, replacement or maintenance required to maintain the habitability of the Property under Oregon law, including mowing, watering and otherwise maintaining the yard. Tenant shall maintain the Property in at least as good a condition as the Property was in on the Commencement Date of this Lease. Tenant shall promptly notify Landlord of any damage to, or destruction of the Property.

17. RIGHT OF INSPECTION. Tenant agrees to make the Property available to Landlord or Landlord's agents for the purposes of inspection or in case of emergency. Except in case of emergency, Landlord shall give Tenant twenty-four (24) hours written notice of intent to enter. Tenant shall not, without prior notice to Landlord, add, alter or re-key any locks to the Property. At all times Landlord shall be provided with a key or keys capable of unlocking all such locks and gaining entry. Tenant further agrees to notify Landlord in writing if Tenant installs any alarm system, including instructions on how to disarm it in case of emergency entry.

18. LANDLORD RIGHT OF ENTRY; INDEMNIFICATION. During the Lease Term, Landlord, or its agents, shall have the right to enter onto the Property upon one (1) days notice to Tenant, to conduct any and all tests, investigations, assessments and inspections deemed necessary by Landlord, or to do any site work on the Property related to the Project. These tests, investigations, inspections, assessments and site work are collectively referred to as

“Work”. The Work shall be conducted by Landlord or its agents at Landlord’s sole expense. Landlord shall defend, indemnify and hold Tenant harmless for, from, and against any claim, loss, or liability, or any claim of lien or damage (collectively, “Claims”) which arises in connection with any entry on the Property by Landlord or any activities on the Property by Landlord, its agents, employees, and independent contractors; provided, however, that Landlord shall have no obligation to indemnify, defend, or hold harmless Seller for any Claim that, in whole or in part, directly or indirectly, arises from or is in any connected with Tenant’s prior ownership of the Property.

19. ABANDONMENT. If Tenant abandons the Property or any personal property during the term of this Lease, Landlord may at its option enter the Property by any legal means without liability to Tenant and may at Landlord’s option terminate the Lease. Abandonment is defined as absence of the Tenant from the Property, for at least thirty (30) consecutive days without notice to Landlord. Tenant agrees that if it vacates or abandons the Property and leaves thereon any personal property, Landlord may deem the personal property to have been abandoned by Tenant, in which case Landlord may treat this Lease as a bill of sale regarding such personal property and dispose of such abandoned personal property in its sole discretion.

20. SECURITY. Tenant understands that Landlord does not provide any security alarm system or other security for Tenant or the Property. In the event any alarm system is installed, Tenant understands that such alarm system is not warranted to be complete in all respects or to be sufficient to protect Tenant or the Property. Tenant releases Landlord from any loss, damage, claim or injury resulting from the failure of any alarm system, security or from the lack of any alarm system or security.

21. SEVERABILITY. If any part or parts of this Lease shall be held unenforceable for any reason, the remainder of this Lease shall continue in full force and effect. If any provision of this Lease is deemed invalid or unenforceable by any court of competent jurisdiction, and if limiting such provision would make the provision valid, then such provision shall be deemed to be construed as so limited.

22. INSURANCE:

22.1 Property Insurance. Landlord and Tenant shall each be responsible to maintain appropriate insurance for their respective interests in the Property and any personal property located on the Property. Tenant understands that Landlord will not provide any insurance coverage for Tenant's property interests. Landlord will not be responsible for any loss of Tenant's property, whether by theft, fire, riots, strikes, acts of God, or otherwise.

22.2 Liability Insurance. Tenant, at its sole cost and expense, shall maintain at all times during the Lease Term, Commercial General Liability Insurance covering the insured against claims of bodily injury, personal injury and property damage arising out of Tenant's use of the Property, including a Commercial General Liability endorsement covering the insuring provisions of this Lease and the performance by Tenant of the indemnity agreements set forth in Section 23 of this Lease with a combined single limit of not less than One Million Two Hundred Thousand (\$1,200,000) aggregate limit. Tenant shall provide Landlord with a certificate of insurance which, among other things, shall show Landlord and its officers, directors, and employees named as an additional insured in such policy as provided in this Section. Such

liability insurance shall be primary and not contributing to any insurance available to Landlord and Landlord's insurance shall be in excess thereto. The limits of such insurance shall not limit the Tenant's liability. Tenant shall provide Landlord with a certificate of insurance obtained as required by this section of the Lease.

22.3 Waiver of Subrogation. All insurance required of Tenant under this Lease shall contain a clause pursuant to which the insurance carriers waive all rights of subrogation against Landlord or Tenant with respect to losses payable under such policies. Tenant and Landlord each waives any and all right of recovery against the other for loss of or damage to such waiving party or its property, if and to the extent that such loss or damage is insured against under any casualty insurance policy in force at the time of such loss or damage, or which is to be insured against under the terms of this Lease.

23. TENANT'S INDEMNIFICATION. Except as provided for in Section 18, and except to the extent of damage resulting from the negligence or willful misconduct of Landlord, Tenant agrees to protect, defend (with counsel reasonably acceptable to Landlord) and hold the Landlord harmless and indemnify the Landlord from and against all liabilities, damages, claims, losses, judgments, charges, and expenses (including reasonable attorneys' fees, costs of court and expenses necessary in the prosecution or defense of any litigation including the enforcement of this provision) arising from or in any way related to, directly or indirectly, (i) Tenant's use of the Property, (ii) from any activity, work or thing done, permitted or suffered by Tenant in or about the Property, (iii) in any way connected with the Property or with the improvements or personal property therein, including, but not limited to, any liability for injury to person or property of Tenant or third party persons, and/or (iv) Tenant's failure to perform any covenant or obligation of Tenant under this Lease. Tenant's agreement to indemnify Landlord pursuant to this Section 23 is not intended and shall not relieve any insurance carrier of its obligations under policies required to be carried by Tenant pursuant to the provisions of this Lease. Tenant agrees that the obligations of Tenant herein shall survive the expiration or earlier termination of this Lease.

24. BINDING EFFECT. The covenants and conditions contained in the Lease shall apply to and bind the Parties and the heirs, legal representatives, successors and any permitted assigns of the Parties.

25. TIME IS OF THE ESSENCE. Time is of the essence in this Lease. Tenant acknowledges that Landlord intends to undertake a significant drainage improvement project on the Property ("Project"), and that it is crucial for Tenant to promptly surrender the Property upon expiration or earlier termination of this Lease.

26. COMPLIANCE WITH RESIDENTIAL LANDLORD AND TENANT ACT. This Lease is intended to comply with the provisions of the Residential Landlord and Tenant ("Act"), ORS 90.100–90.840, in effect on the date first written above. If a court determines that any provision in the Lease conflicts with the Act, the provisions of the Act shall control. This Lease shall be deemed to be amended to comply with any statutory changes in the Act if such changes apply retroactively to existing leases, but not otherwise.

27. ATTACHMENTS. The attached Smoke Detector Acceptance, Carbon Monoxide Detector Acceptance and Lead-Based Paint Disclosure are made a part of this Lease.

28. SMOKE DETECTOR AND CARBON MONOXIDE ALARM. Tenant acknowledges the presence of a smoke detector and a carbon monoxide alarm in fully operational conditions in the dwelling unit on the Property. Instructions have been provided about how to test the smoke detector and carbon monoxide alarm. Tenant has been instructed to test the devices at least every six months and replace the batteries as needed and has been made aware Landlord is not liable for loss or damage due to the failure of the smoke detector or carbon monoxide alarm to operate. Tenant is required to immediately notify Landlord in writing of any malfunction of the smoke detector or carbon monoxide alarm. Tenant shall not remove or tamper with a properly functioning smoke detector or carbon monoxide alarm, including removing any working batteries.

29. SMOKING POLICY. Pursuant to ORS 479.305, smoking is allowed on the Property. Landlord is not responsible for any damage to person or property caused by smoking on the Property, unless such damage is directly caused by Landlord.

30. GOVERNING LAW. This Lease shall be governed by and construed in accordance with the laws of the State of Oregon.

31. ENTIRE AGREEMENT. This Lease constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes any prior understanding or representation of any kind preceding the date of this Lease. There are no other promises, conditions, understandings or other agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may be modified in writing and must be signed by both Landlord and Tenant.

32. NOTICE. Any notice required or otherwise given pursuant to this Lease shall be in writing and mailed certified return receipt requested, postage prepaid, or delivered by overnight delivery service, if to Tenant, at the Property and if to Landlord: at the Tigard City Hall Attn: City Manager, City Hall, 13125 SW Hall Blvd, Tigard, OR 97223. Either party may change such address from time to time by providing notice as set forth above.

33. CUMULATIVE RIGHTS. Landlord's and Tenant's rights under this Lease are cumulative, and shall not be construed as exclusive of each other unless otherwise required by law.

34. WAIVER. The failure of either Party to enforce any provisions of this Lease shall not be deemed a waiver or limitation of that Party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

35. LEGAL FEES. In the event of any legal action by the parties arising out of this Lease, the non-prevailing party shall pay the prevailing party reasonable attorneys' fees and costs in addition to all other relief at trial and on any appeal therefrom.

36. COUNTERPARTS. This Lease may be executed in counterparts, each of which, when taken together, shall constitute fully executed originals.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed the day and year first above written.

LANDLORD:

City of Tigard

TENANT:

Richard C. Rankin

Rose A. Rankin

RESIDENTIAL LEASE

**DISCLOSURE OF INFORMATION ON LEAD-BASED PAINT
OR LEAD-BASED PAINT HAZARDS**

Lead Warning Statement

Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips and dust can pose health hazards if not managed properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, landlords must disclose the presence of known lead-based paint and/or lead-based paint hazards in the dwelling. Tenants must also receive a federally approved pamphlet on lead poisoning prevention.

Landlord's Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (Check (i) or (ii) below):

(i) ____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain):

(ii) ____ Landlord has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the landlord (Check (i) or (ii) below):

(i) ____ Landlord has provided the tenant with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents):

(ii) ____ Landlord has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Tenant's Acknowledgment (initial)

(c) ____ Tenant has received copies of all information listed above.

(d) ____ Tenant has received the pamphlet Protect Your Family From Lead In Your Home.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

Landlord Date

Tenant Date Tenant Date

CARBON MONOXIDE ALARM DISCLOSURE

The rental Property at 13001 SW Gallin Court, Tigard, OR 97223 is equipped with one or more battery-operated hard-wired (indicate which) carbon monoxide alarm(s) (hereinafter “carbon monoxide alarm”).

If the carbon monoxide alarm is battery-operated, the battery is a 10-year battery.

Landlord or agent (hereinafter “landlord”) has tested the carbon monoxide alarm prior to this tenancy and has determined that it is working properly, and the battery has power, as of _____.

Tenant is responsible for testing the carbon monoxide alarm no less than every six months. The manufacturer of the carbon monoxide alarm recommends testing every _____. To test, tenant should press and hold the *test* button briefly. If the alarm does not sound, tenant must notify landlord in writing immediately.

If available, the manufacturer’s carbon monoxide alarm instructions are located _____

Tenant is responsible for replacing dead batteries, and must use only 10-year batteries.

Dated: _____

Landlord or Agent

Landlord’s or Agent’s Name (typed or printed)

Acknowledged by: _____
Tenant

Tenant’s Name (typed or printed)

NOTE: ORS 479.300 states, in relevant part: “No person shall remove or tamper with a properly functioning carbon monoxide alarm * * *. This prohibition includes removal of working batteries.”

SMOKE ALARM DISCLOSURE

The rental Property at 13001 SW Gallin Court, Tigard, OR 97223 is equipped with one or more battery-operated hard-wired (indicate which) smoke alarm(s) (hereinafter "smoke alarm").

If the smoke alarm is battery-operated, the battery is a 10-year battery.

Landlord or agent (hereinafter "landlord") has tested the smoke alarm prior to this tenancy and has determined that it is working properly, and the battery has power, as of _____.

Tenant is responsible for testing the smoke alarm no less than every six months. The manufacturer of the smoke alarm recommends testing every _____. To test, tenant should press and hold the *test* button briefly. If the alarm does not sound, tenant must notify landlord in writing immediately.

If available, the manufacturer's smoke alarm instructions are located _____

Tenant is responsible for replacing dead batteries, and must use only 10-year batteries.

Dated: _____

Landlord or Agent

Landlord's or Agent's Name (typed or printed)

Acknowledged by: _____
Tenant

Tenant's Name (typed or printed)

NOTE: ORS 479.300 states, in relevant part: "No person shall remove or tamper with a properly functioning smoke alarm * * *. This prohibition includes removal of working batteries."

Exhibit D
Assignment of Leases