

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

RESOLUTION NO. 6592

AUTHORIZING ACQUISITION OF TWENTY SINGLE FAMILY RESIDENCES FROM THE HOUSING AUTHORITY OF PORTLAND LOCATED IN THE LENTS TOWN CENTER AND INTERSTATE CORRIDOR URBAN RENEWAL AREAS FOR AN AMOUNT NOT TO EXCEED \$3,944,400, FOR THE PURPOSE OF REHABILITATING THESE PROPERTIES AND SELLING THEM TO QUALIFYING FIRST-TIME HOMEBUYERS.

WHEREAS, by the virtue of the laws of the State of Oregon, the Portland Development Commission ("PDC") is authorized and empowered to acquire by purchase real property or any interest therein for the purpose of carrying out the project designated in a duly adopted urban renewal plan;

WHEREAS, it has been determined that various single family residences (the "Sites"), located in the Interstate Corridor and Lents Town Center Urban Renewal Areas, have the characteristics of blighted properties as described in ORS 457.010;

WHEREAS, the Housing Authority of Portland ("HAP") approached PDC regarding purchase of these properties and PDC carried out an independent appraisal and conducted property negotiations in a satisfactory manner;

WHEREAS, on April 17, 2008, PDC's Executive Director entered into a Purchase and Sale Agreement (PSA) with HAP for 20 single family properties and has since completed due diligence activities and analysis on all properties; and

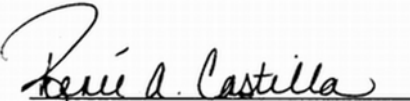
WHEREAS, FY 2008 and FY 2009 budgets for Interstate Corridor and Lents Town Center Urban Renewal Areas contain designated funds for the acquisition, renovation, and disposition of these properties.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby authorizes the Executive Director to enter into/execute the purchase and sale agreement substantially in the form as Exhibit A attached hereto to acquire twenty residences from HAP;

BE IT FURTHER RESOLVED that the Executive Director is further authorized to execute any document necessary to finalize this acquisition; and

BE IT FURTHER RESOLVED that this resolution shall become effective immediately upon its adoption.

Adopted by the Portland Development Commission on May 28, 2008.


Renee A. Castilla, Recording Secretary

PURCHASE AND SALE AGREEMENT

(Scattered Sites – Housing Authority of Portland (2008))

THIS PURCHASE AND SALE AGREEMENT (“Agreement”) is made and entered into as of the last date of signature indicated below (**“Effective Date”**), by and between the **HOUSING AUTHORITY OF PORTLAND**, an Oregon Public Body Corporate and Politic, (**“Seller”**) and the **CITY OF PORTLAND**, acting by and through the **PORTLAND DEVELOPMENT COMMISSION**, the duly designated urban renewal agency of the City of Portland (**“Buyer”**).

RECITALS

- A. Seller is the owner of twenty-four parcels of real property and all improvements, rights and entitlements appurtenant thereto, located in the City of Portland, County of Multnomah and State of Oregon, as more particularly described in the attached Exhibit A (collectively, **“Property”**). For purposes of this Agreement, each parcel constituting the Property may be referred to individually as a **“Parcel.”**
- B. In furtherance of its housing goals, Seller has used the Property as part of a rental portfolio for use by eligible low-income families.
- C. Seller desires to sell to Buyer, and subject to (i) Buyer’s inspection and due diligence review of the Property (**“Inspection/Due Diligence Review”**) and (ii) Buyer’s waiver of its inspection and due diligence contingency with respect to the acquisition of each Parcel constituting Property, Buyer desires to purchase the Property in order to rehabilitate the Property and resell the Property to low income families in support of (i) Buyer’s homeownership and workforce development goals and (ii) the City of Portland’s Operation HOME and Schools Family Housing initiatives.

AGREEMENT

1. **Purchase and Sale.** Seller agrees to sell and convey to Buyer, and Buyer agrees to purchase from Seller, upon the terms and conditions set forth in this Agreement, all right, title and interest in and to the Property.
2. **Purchase Price.** The purchase price to be paid by Buyer to Seller for the Property will be based upon an appraisal (**“Appraisal”**) of the combined fair market value of each of the Parcels as of a date no more than 60 days prior to February 1, 2008 (**“Appraised Fair Market Value”**). The Appraisal shall establish a fair market value for each Parcel and shall also provide a combined fair market value for the Property as a whole. The Appraisal shall be prepared, at Buyer’s expense, by an independent state-certified appraiser or firm of appraisers mutually agreed upon by the parties. The Appraisal shall be prepared using the Uniform Residential Appraisal Report (i.e. Fannie Mae Form 1004).

The purchase price for each Parcel shall equal the difference of (a) the Appraised Fair Market Value of each Parcel less (b) five percent (5.00%) of the Parcel’s Appraised Fair Market Value (each, a **“Parcel Purchase Price”**). As set forth in Section 4 herein, it is contemplated that Buyer will purchase the Property in a series of closings, with each closing containing multiple Parcels (each, a **“Bundle”**). The purchase price for each Bundle shall be determined by adding together each of the Parcel Purchase Prices for the Parcels contained within each Bundle (each, a **“Bundle Purchase Price”**). If the Buyer elects to close the purchase of a Parcel in an individual

closing, then the purchase price of such closing shall be the Parcel Purchase Price applicable to the Parcel in question.

3. **Payment of Purchase Price.** The purchase price for each Closing will be paid by Buyer to Seller as follows:

3.1 **Earnest Money Deposit.** Within ten (10) days after execution of this Agreement, Buyer will deposit into escrow a promissory note ("**Promissory Note**") in the principal amount of ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00) ("**Earnest Money Deposit**") with FIDELITY NATIONAL TITLE INSURANCE COMPANY OF OREGON, located at 900 SW 5th Avenue, Portland, Oregon ("**Escrow Agent**"). The Earnest Money Deposit represents a good faith deposit of Five Thousand and No/100 Dollars (\$5,000.00) for each Parcel contemplated to be transferred by Seller to Buyer pursuant to the terms of this Agreement.

3.1.1 **Recalculation of Earnest Money Deposit.** If Buyer elects not to purchase any one or more Parcels pursuant to the terms of this Agreement, then the Earnest Money Deposit shall be correspondingly reduced by Five Thousand and No/100 Dollars (\$5,000.00) for every Parcel that Buyer elects not to purchase. To effect this reduction, Buyer and Seller agree to execute a substitute promissory note ("**Substitute Promissory Note**") to reflect any such changes necessitated by this Section 3.1.1.

3.1.2 **Refunding of Earnest Money Deposit.** Except as otherwise provided in this Agreement, including without limitation, Section 14 and Section 18.1, the Earnest Money Deposit will be nonrefundable to Buyer subsequent to the Inspection/Due Diligence Contingency Removal Date (as hereinafter defined) unless Seller defaults on its performance of its obligations under this Agreement.

3.2 **Conversion of the Promissory Note to Cash.** On the Inspection/Due Diligence Contingency Removal Date, the Promissory Note (or the Substitute Promissory Note, if applicable) shall be converted into cash. Upon conversion of the Promissory Note (or the Substitute Promissory Note, if applicable) to cash, the Escrow Agent will invest the Earnest Money Deposit in a federally insured, interest-bearing account. The accrued interest will be treated as part of the Earnest Money Deposit at each Closing (hereinafter defined). If Buyer retains the Earnest Money Deposit in accordance with the provisions of this Agreement, Buyer will receive the interest. At each Closing, a prorated portion of the Earnest Money Deposit which corresponds to \$5,000 multiplied by the number of Parcels being closed, together with interest thereon, if any, will be credited toward payment of the particular Bundle Purchase Price.

3.3 **Payment of Bundle Purchase Price.** Each Bundle Purchase Price will be paid at Closing as follows:

3.3.1 A prorated portion of the Earnest Money Deposit which corresponds to \$5,000 multiplied by the number of Parcels being closed, together with interest earned thereon, will be credited to the particular Bundle Purchase Price. The Bundle Purchase Price less the prorated portion of the Earnest Money Deposit, together with interest thereon, will be paid in immediately available funds to Seller.

4. Closing.

- 4.1 Generally. The term, "Closing," shall mean the conveyance of a Parcel or a Bundle by Seller to Buyer, at which time the events described in Section 7 of this Agreement shall occur with respect to such applicable Parcel or Bundle. The transfer of the Property contemplated by this Agreement shall be accomplished through five nonconcurrent Bundle Closings more particularly described in Section 4.2. Each of the five Bundle Closings shall occur no earlier than July 15, 2008 and no later than July 15, 2009, unless otherwise extended in writing by the parties.
- 4.2 Time and Place of Closings. Each of the Closings shall take place at the offices of Fidelity National Title Company of Oregon, 900 SW 5th Avenue, Portland, Oregon, or at such other location as the parties may mutually agree. Subject to the satisfaction (or waiver) of the conditions set forth in Section 5, each of the Closings shall take place at a time and on a date selected by Buyer and reasonably acceptable to Seller ("Closing Date"). The Closings for the Bundles are anticipated to occur as follows:

| <u>BUNDLE CLOSINGS</u> | <u>ANTICIPATED CLOSING DATE</u> | <u>PARCELS TO BE CONVEYED*</u> |
|--------------------------|---------------------------------|---|
| <u>Bundle Closing #1</u> | <u>July 31, 2008</u> | <u>3101 N Arlington Pl.</u> <u>3702 N Arlington Pl.</u> <u>8606 N Curtis</u> <u>3309 N Halleck</u> <u>3325 N Halleck</u> |
| <u>Bundle Closing #2</u> | <u>October 31, 2008</u> | <u>9020 N Chautauqua</u> <u>8920 N Drummond</u> <u>3107 N Houghton</u> <u>3220 N Hunt</u> |
| <u>Bundle Closing #3</u> | <u>January 31, 2009</u> | <u>6111 SE 86th Ave.</u> <u>6325 SE 86th Ave.</u> <u>6719 SE 86th Ave.</u> <u>6801 SE 86th Ave.</u> <u>6317 SE 89th Ave.</u> |
| <u>Bundle Closing #4</u> | <u>March 31, 2009</u> | <u>8730 SE Rural St.</u> <u>8732 SE Rural St.</u> <u>10105 SE Pardee</u> |
| <u>Bundle Closing #5</u> | <u>June 30, 2009</u> | <u>6109 SE 90th Ave.</u> <u>6936 SE 91st Ave.</u> <u>8037 SE Duke</u> |

* Buyer may elect, in its sole discretion, to not purchase one or more Parcel(s) pursuant to the terms of this Agreement at any time up to the Inspection/Due Diligence Contingency Removal Date.

5. **Conditions Precedent to Closing.**

5.1 **Conditions Precedent to Buyer's Obligations.**¹ In addition to any other conditions contained in this Agreement, the following conditions precedent must be satisfied to the satisfaction of Buyer prior to Buyer's obligation to acquire the Parcels. These conditions are intended solely for Buyer's benefit and Buyer will have the sole right and discretion to waive, by written notice, any of the conditions. In the event any condition is not satisfied or waived on or before each Closing, or other date as set forth herein, Buyer shall have the right to terminate this Agreement; provided however that Buyer shall be entitled to a refund of its Earnest Money Deposit if such condition is not satisfied by reason of default by Seller to perform such obligation under this Agreement.

5.1.1 **Title.** Upon satisfaction of all conditions precedent to conveyance set forth in Section 5 of this Agreement, and upon Buyer's payment of each Bundle Purchase Price, Seller will convey fee simple title to each applicable Parcel by special warranty deed. Title to each Parcel will be good and marketable and will be insured by a standard coverage ALTA Owner's Title Insurance Policy issued by Fidelity National Title Insurance Company of Oregon ("**Title Company**") in the full amount of the respective Parcel Purchase Prices ("**Title Policy**"), free and clear of all liens and encumbrances, except for the Permitted Exceptions, as hereinafter defined. Buyer, at its option and its expense, may elect to obtain extended coverage under the policies of title insurance and Seller agrees to execute any affidavits or other documents required by the Title Company to enable Buyer to obtain such coverage.

5.1.2 **Title Review.**

5.1.2.1 Within fifteen (15) Business Days of the Effective Date, Seller, at Seller's expense, will shall cause the Title Company to deliver to Buyer a preliminary title report addressed to Buyer with respect to each Parcel (each, a "**Title Report**"), together with complete and legible copies of all documents of record relating to the exceptions to title set forth in each Title Report (the "**Title Documents**"). All matters relating to title to each Parcel that are shown or reflected in each Title Report or the Title Documents are referred to herein as "**Title Matters.**" Within thirty (30) Business Days after Buyer's receipt of the Title Reports, Buyer shall give notice to Seller identifying any Title Matters to which Buyer objects. In the event Buyer fails to give any such notice within such thirty (30) Business Day period, Buyer shall be conclusively deemed not to object to any of the Title Matters.

5.1.2.2 Not more than fifteen (15) Business Days nor less than five (5) Business Days prior to each Closing, Seller shall, at Seller's expense, promptly cause the Title Company to deliver to Buyer an update to the Title Report pertaining to those Parcels to be conveyed in the next Closing addressed to Buyer (each, a "**Supplemental Title Report**"), together with complete and legible copies of all documents of record relating to any new exception(s) to title to each applicable Parcel that are shown

¹ See **Exhibit C** to this Agreement for additional conditions precedent to Buyer's obligation to acquire certain Parcels.

in such update (the **"Supplemental Title Documents"**). All supplemental matters relating to title to each applicable Parcel that are shown or reflected in any Supplemental Title Report or any Supplemental Title Documents and were not previously reflected in the original Title Reports, are referred to herein as **"Supplemental Title Matters."** Within five (5) Business Days after receipt of any Supplemental Title Report and the associated Supplemental Title Documents, Buyer shall have the right to give notice to Seller identifying any Supplemental Title Matters reflected therein to which Buyer objects. In the event Buyer fails to give any such notice within such five (5) Business Day period, Buyer shall be conclusively deemed not to object to any of such Supplemental Title Matters. During the Supplemental Title Matters review period, Buyer shall not have the right to object to any Title Matters which were previously reflected on any of the original Title Reports.

5.1.2.3 In the event Buyer gives timely notice pursuant to Section 5.1.2.1 or 5.1.2.2 objecting to any Title Matters or Supplemental Title Matters, Seller shall give notice to Buyer within ten (10) Business Days after receipt of Buyer's notice of objection identifying any of the Title Matters or Supplemental Title Matters to which Buyer has objected that Seller is unwilling or unable to remove from title to such applicable Parcel or otherwise cure (which cure shall be reasonably acceptable to Buyer) prior to or at the applicable Closing. To the extent that Seller does not give timely notice with respect to any of the Title Matters or Supplemental Title Matters to which Buyer has objected, Seller shall, at its sole expense, remove such title matters from title to such applicable Parcel, or otherwise cure such title matters, prior to, or at the Closing. In the event Seller gives timely notice that it is unwilling or unable to remove or cure any of the Title Matters or Supplemental Title Matters to which Buyer has objected, Seller shall not be obligated to do so and Buyer shall be entitled to remove the Parcel(s) to which the objectionable Title Matters or Supplemental Title Matters pertain from the applicable Bundle Closing, by serving written notice to Seller and Escrow Agent within five (5) Business Days after receipt of Seller's notice under this Section 5.1.2.3, but in any event, prior to the applicable Bundle Closing. Upon receipt of such notice from Buyer, Escrow Agent shall remove the objectionable Parcels from the Bundle, recalculate the Bundle Purchase Price and applicable Earnest Money Deposit, and provide a written summary of the same to the parties. The remaining Parcels within the Bundle shall be conveyed from Seller to Buyer in the Bundle Closing. As to those Parcels removed from a Bundle pursuant to Buyer's title objection, the Parcels shall no longer be part of this Agreement and the parties shall have no further obligation to each other with respect to such Parcels.

5.1.2.4 For purposes of this Agreement, the **"Permitted Exceptions"** shall consist of (i) all Title Matters and Supplemental Title Matters to which Buyer does not object as provided in Section 5.1.2.1 or 5.1.2.2, and (ii) unless Buyer elects to remove certain Parcels from a Bundle in

accordance with Section 5.1.2.3, any Title Matters and Supplemental Title Matters to which Buyer objects but as to which Seller gives notice in accordance with Section 5.1.2.3 that it is unwilling or unable to remove or cure such Title Matters or Supplemental Title Matters.

5.1.3 Environmental and Structural Review. Within ten (10) business days after the Effective Date of this Agreement, Seller will deliver to Buyer copies of all environmental reports, studies, data, analyses, and other such materials relating to the Parcels within its possession or control. Buyer may, at its own expense, contract consultants, surveyors or engineers selected by Buyer to conduct further environmental studies, soil analyses, surveys, and appraisals of each Parcel, and structural, mechanical and electrical inspections of each Parcel as Buyer in its sole discretion deems necessary. Buyer acknowledges that most of the homes located on the Parcels are occupied by tenants and access to the homes must be made in accordance with the terms of the leases. Buyer or its agents will have the right to enter the homes on the Parcels at reasonable times prior to the Inspection/Due Diligence Contingency Removal Date to make such tests, inspections, soil analyses, studies, surveys, appraisals and other investigations as Buyer may require, at Buyer's sole discretion, and Seller will cooperate with Buyer in facilitating such tests and studies. Buyer shall make best efforts to minimize the impact and intrusion on Seller's tenants during its inspections of the Parcels. Any portion of a Parcel or improvement located thereon disturbed by such tests and studies will be restored by Buyer, at Buyer's expense, to its pre-inspection condition. As to each individual Parcel, if prior to the Inspection/Due Diligence Contingency Removal Date, Buyer and Seller have not reached an agreement regarding the scope of work or the results of the environmental and structural investigations, then Buyer may elect to either:

5.1.3.1 waive its objection to such results in writing to Seller and elect to accept title to each applicable Parcel(s) at the applicable Closing notwithstanding the issues described in Section 5.1.3; or

5.1.3.2 refuse to proceed to Closing with respect to such applicable Parcel(s) and notify Seller that Buyer elects to amend this Agreement to remove the objectionable Parcel(s) from the particular Bundle.

5.1.4 Review of Documents Relating to Condition of Property. Within ten (10) Business Days after executing this Agreement, unless otherwise specified, Seller will deliver or cause to be delivered to Buyer all documents described in this Section 5.1.5 (collectively, the "Investigation Documents").

5.1.4.1 Records, Reports and Plans. Copies of all architectural drawings, construction plans and specifications, "as-built" records of the improvements, records pertaining to repairs and restoration of the Parcels in connection with fire damage, environmental studies and reports, engineering reports, inspection reports, and all topographical surveys and soil tests for or relating to each of the Parcels in Seller's possession or reasonably available to Seller.

5.1.4.2 Past Uses. Any information in Seller's possession or available to Seller relating to the past uses of the Parcels.

5.1.5 Representations, Warranties, and Covenants of Seller. The Seller will have duly performed every agreement and covenant to be performed by Seller hereunder and Seller's representations, warranties, and covenants set forth in this Agreement will be true and correct as of each Closing Date.

5.1.6 No Material Adverse Change; Second Walk-Through. No material adverse changes relating to, or connected with each Parcel shall occur from the Inspection/Due Diligence Contingency Removal Date through the applicable Closing Date of each Parcel. A material, adverse change is a change in the land of a Parcel, or a change in the structural condition of improvements located thereon, which results in a negative impact on the value of a Parcel in excess of \$2,500. Changes due to wear and tear, weathering, or other aging of a structure will not be deemed to constitute material, adverse changes for purposes of this Section 5.1.6.

In the event Seller is aware of any material, adverse changes occurring between the Inspection/Due Diligence Contingency Removal Date and the applicable Closing Date, Seller shall notify Buyer of the same, and the parties shall use good faith efforts to attempt to negotiate a reasonable means of addressing such issues. If Seller and Buyer fail to reach agreement as to some form of reasonable redress to either repair or restore the applicable Parcel(s) or to make accommodation to Buyer for such material adverse change to such Parcel(s), Buyer shall have the option, in its sole discretion, to declare the condition precedent in this Section 5.1.6 to be unsatisfied and to terminate this Agreement as to such Parcel(s).

The Buyer shall also have an opportunity to make a second walk-through of each Parcel to be included at the anticipated Bundle Closing within thirty (30) days prior to the Closing of each Bundle. The purpose of the second walk-through is to allow the Buyer the opportunity to verify that there have been no material, adverse changes to the Parcels between the Inspection/Due Diligence Contingency Removal Date and the applicable Closing. In the event that Buyer discovers any material, adverse changes to a Parcel(s) during Buyer's second walk-through, the parties shall use good faith efforts to attempt to negotiate a reasonable means of addressing such issues. If Seller and Buyer fail to reach agreement as to some form of reasonable redress to either repair or restore the applicable Parcel(s) or to make accommodation to Buyer for such material adverse change to such Parcel(s), Buyer shall have the option, in its sole discretion, to declare the condition precedent in this Section 5.1.6 to be unsatisfied and to terminate this Agreement as to such Parcel(s).

Any items identified by Buyer in an inspection report or addendum prior to the Inspection/Due Diligence Contingency Removal Date, or any items which should have reasonably been observed by Buyer prior to the Inspection/Due Diligence Contingency Removal Date shall not be eligible to be negotiated with Seller after the Inspection/Due Diligence Contingency Removal Date.

5.1.7 Liens for Taxes, Assessment and Other Governmental Charges; Rental Income. There shall be no unpaid assessments, taxes, governmental charges, levies and other obligation which, if unpaid, may become by law a lien (other than a Permitted Exception) upon any Parcel. Any assessments on the Parcels shall be

- prorated as of the applicable Closing Date, except that Seller shall be obligated to pay installments due through the Closing Date for any assessments that may be paid in installments, and Buyer shall be responsible for installment payments due after the applicable Closing Date. All rents or income applicable to a Parcel(s) will be prorated as of the applicable Closing Date.
- 5.1.8 Commission Approval. The Board of Commissioners of the Portland Development Commission shall have authorized the transaction contemplated by this Agreement.
- 5.1.9 Funds for Purchase. The Board of Commissioners of the Portland Development Commission shall have appropriated such funds as shall be necessary for Buyer to these transactions pursuant to the terms of this Agreement. Additionally, if the funds to be used by Buyer to pay the Bundle Purchase Prices are being provided by a third party, then Buyer shall have received a legal binding commitment of such third party to provide Buyer with such funding on terms and conditions satisfactory to Buyer.
- 5.1.10 No Litigation. There shall be no litigation pending that prevents Seller or Buyer from performing their respective obligations under this Agreement.
- 5.1.11 Defaults. Neither party shall be in default under any material term or condition of this Agreement.
- 5.1.12 HUD Property Restrictions. As of each Closing Date, Seller shall have removed, or caused to be removed, all U.S. Department of Housing and Urban Development restrictions (and all other similar use or affordability restrictions), if any, on each applicable Parcel identified as of the Inspection/Due Diligence Contingency Removal Date to be purchased by Buyer on such Closing Date.
- 5.1.13 Title Insurance. The Title Company shall have issued to Buyer a binding commitment satisfactory to Buyer, to issue to Buyer a Title Policy covering each applicable Parcel in an amount not less than the applicable Parcel Purchase Price, subject only to Permitted Exceptions.
- 5.1.14 Deliveries by Seller. All applicable items to be delivered by Seller pursuant to Section 6 shall have been delivered to the Escrow Agent for the applicable Closing.
- 5.1.15 Buyer's Waiver of Inspection/Due Diligence Contingency. Buyer and Seller agree that Buyer shall not be obligated to purchase any of the Parcels pursuant to the terms of this Agreement unless Buyer is satisfied with the condition of each such Parcel upon completion by Buyer of its Inspection/Due Diligence Review ("Inspection/Due Diligence Contingency") of the Property pursuant to, without limitation, Sections 5.1.1, 5.1.2, 5.1.3, and 5.1.5. Buyer and Seller agree that Buyer shall complete its Inspection/Due Diligence Review for each Parcel on or before **May 1, 2008** ("Inspection/Due Diligence Contingency Removal Date"). As of the Inspection/Due Diligence Contingency Removal Date, Buyer shall submit to Seller pursuant to Section 15 of this Agreement a list of the Parcel(s) which Buyer intends to acquire pursuant to the terms of this Agreement ("Approved List"). Upon Buyer's notification to Seller of the Approved List in

accordance with Section 15 of this Agreement, the Approved List shall, by this reference, be hereby incorporated into this Agreement as Exhibit B and deemed a part of this Agreement as if such Approved List were fully set forth in the text of this Agreement.

- 5.1.16 Vacation of Property. Each Parcel to be acquired shall be vacated on or before the applicable Closing Date. Prior to closing, HAP agrees as the Seller, to (a) remove all personal property (including trash and debris) belonging to all former tenants from each property and (b) deliver each property with new locks on all external access entrances.
- 5.2 Conditions Precedent to Seller's Obligations.
- 5.2.1 Seller's obligations with respect to the transactions contemplated by this Agreement are subject to Buyer's delivery to the Escrow Agent on or before each applicable Closing Date, for disbursement as provided herein, of the Bundle Purchase Price and the documents and materials described in Paragraph 6.
- 5.3 Failure of Conditions to each Closing. In the event any of the conditions set forth in Sections 5.1 or 5.2 are not timely satisfied or waived, for a reason other than the default of Buyer or Seller under this Agreement:
- 5.3.1 This Agreement, the escrow, and the rights and obligations of Buyer and Seller will terminate as to the particular Closing, except as otherwise provided herein; and
- 5.3.2 Except as provided in Section 3.1.2, the Escrow Agent is hereby instructed to promptly return to Seller and Buyer all funds and documents deposited by them, respectively, in escrow that are held by the Escrow Agent on the date of the termination that pertain to the particular failed Closing.
- 5.3.3 Failure of one Bundle Closing shall not invalidate the remainder of the Agreement as to the remaining Parcels and Bundles to be conveyed pursuant to this Agreement. All remaining Parcels/Bundles shall be conveyed on the scheduled Bundle Closing Dates unless the parties agree in writing to terminate the entire Agreement.
- 5.4 Cancellation Fees and Expenses. In the event all, or a portion of the escrow terminates because of the nonsatisfaction of any condition for a reason other than the default of either Buyer or Seller under this Agreement, the cancellation charges required to be paid by and to the Escrow Agent will be borne equally by Buyer and Seller. In the event that all, or a portion of the escrow terminates because of default by either party, the cancellation charges required to be paid by and to the Escrow Agent will be borne by the defaulting party.
- 5.5 Prorates and Costs. Except as otherwise provided herein, all items to be prorated, including rents, operating expenses, revenues, and other income, if any, will be prorated as of the applicable Closing Date, in Escrow. For the purpose of calculating prorations, the Buyer will be deemed to possess title to each Parcel and, therefore, be entitled to the income and responsibility for the expenses for the entire day following the applicable

Closing Date. Unpaid rents will be prorated. Seller will be responsible for payment of the Buyer's title insurance policy premium.

6. **Deliveries to Escrow Agent.**

6.1 **By Seller.** On or before each Closing Date, Seller will deliver the following to the Escrow Agent.

6.1.1 **Deed.** A special warranty deed ("Deed") duly executed and acknowledged in recordable form by Seller, conveying each applicable Parcel to Buyer subject only to Permitted Exceptions as established under Section 5.1.2 of this Agreement, and subject to any other matters that may be approved in writing by Buyer.

6.1.2 **Nonforeign Certification.** Seller represents and warrants that it is not a "foreign person" as defined in IRC §1445. Seller will give an affidavit to Buyer to this effect in the form required by that statute and related regulations.

6.1.3 **Documents.** Such other fully executed documents and funds, including without limitation, escrow instructions in form and substance approved by Buyer, as are required to close the sale in accordance with this Agreement.

6.2 **By Buyer.**

6.2.1 **Documents and Purchase Price.** On or before each Closing Date, Buyer will deliver the applicable Bundle Purchase Price and closing documents to the Escrow Agent in accordance with Sections 2 and 3 above.

6.2.2 **Buyer's Representations and Warranties.** Buyer's representations and warranties set forth in Section 13 below shall be true and correct as of the date of each Closing.

7. **Deliveries to Buyer at Closing.**

7.1 **Possession.** Seller will deliver exclusive possession of each Parcel to Buyer upon consummation of the applicable Closing.

8. **Costs.** Buyer will pay the cost of recording the Deed; Seller will pay all other recording charges, if any. Seller will pay the premium for the Title Policy that Seller is obligated to provide to Buyer, and for all conveyance, excise, and/or transfer taxes payable by reason of the purchase and sale of each Parcel. Buyer and Seller will each pay one-half of all escrow fees and costs. Each party will pay all fees and expenses of consultants, attorneys and other professionals hired by such party in connection with the transactions contemplated hereunder. All other costs and expenses will be allocated between Buyer and Seller in accordance with the customary practice in Multnomah County, Oregon.

9. **Seller's Representations and Warranties.** Seller hereby represents and warrants to Buyer the following matters, and acknowledges that they are material inducements to Buyer to enter into this Agreement. Seller agrees to indemnify, defend, and hold Buyer harmless from all expense,

loss, liability, damages and claims, including attorney fees, arising out of any breach of the following representations, warranties and covenants.

9.1 Representation Regarding Seller's Authority.

- 9.1.1 Seller has the legal power, right, and authority to enter into this Agreement and the instruments referred to herein and to consummate the transactions contemplated herein.
- 9.1.2 All requisite action (corporate, trust, partnership, membership or otherwise) has been taken by Seller in connection with entering into this Agreement, the instruments referred to herein, and the consummation of the transactions contemplated herein. No further consent of any partner, shareholder, creditor, investor, judicial or administrative body, governmental authority or other party is required.
- 9.1.3 The persons executing this Agreement and the instruments referred to herein on behalf of Seller have the legal power, right and actual authority to bind Seller to the terms and conditions of this Agreement.
- 9.1.4 This Agreement and all documents required to be executed by Seller are and will be valid, legally binding obligations of and enforceable against Seller in accordance with their terms.
- 9.1.5 Neither the execution and delivery of this Agreement and documents referred to herein, nor the incurring of the obligations set forth herein, nor the consummation of the transactions herein contemplated, nor compliance with the terms of this Agreement and the documents referred to herein (i) conflict with or result in the material breach of any terms, conditions, or provisions of, or constitute a default under any bond, note or other evidence of indebtedness, or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease, or other agreements or instruments to which Seller is a party, or, affecting the Property or (ii) violate any provision of any applicable law, rule, regulation, or order of any court, regulatory commission, board, or other administrative agency or any provision of Seller's organizational documents, including without limitation, bylaws, and charters.
- 9.1.6 No action, suit, investigation, or proceeding is pending or threatened against Seller or with respect to any Parcel(s) before any court or administrative agency, (a) the outcome of which, by itself taken together with other such litigation, would be reasonably expected to have a material adverse effect on the value or marketability of any Parcel(s), Seller's ability to perform its obligations under this Agreement or Seller's ownership interests in any Parcel(s), or (b) which purports to affect the legality, enforceability, or validity of this Agreement or Seller's ownership interest in such Parcel(s).
- 9.1.7 Reserved.
- 9.1.8 During the term of Seller's ownership of all Parcels, Seller has been in compliance with all applicable restrictions on the use, occupancy or operation of the Parcels arising from the original source of funding for such Parcels, including

without limitation, affordability requirements, transfer restrictions and/or use restrictions.

9.2 Environmental Definitions.

9.2.1 For purposes of this Agreement, the phrase “**Environmental Laws**” includes all state and federal law, rules, regulations, standards and permit requirements regulating the generation, storage, transport, disposal, discharge or release of Hazardous Substances, as hereafter defined.

9.2.2 For purposes of this Agreement, “**Hazardous Substances**” means and includes: (i) all substances subject to regulation under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 et seq., and any other applicable federal, state or local laws and regulations now in force or hereafter enacted relating to the use, storage and disposal of hazardous substances; (ii) all substances listed in the United States Department of Transportation Table (49 C.F.R. §§ 172.101 and amendments thereto) or by the Environmental Protection Agency, or any successor agency thereto, as hazardous substances (40 C.F.R. §§ 302 and amendments thereto).

9.2.3 For purposes of this Section 9, the phrase “**Knowledge**” means the knowledge Seller would have had it (i) exercised a reasonable level of diligence that would have been exercised by a property owner under similar circumstances and (ii) possessed a reasonable familiarity with the information contained in Seller’s electronic or paper files.

9.3 Seller represents warrants and covenants as follows:

9.3.1 Information. Seller has provided Buyer with all studies, reports and analysis in Seller’s possession referred to in Section 5.1.3 with respect to the presence of Hazardous Substances on or below the surface of the Parcels.

9.3.2 No Pending Government Action. To the knowledge of Seller, there are no proceedings, administrative actions, or judicial proceedings pending or, to Seller’s knowledge, contemplated under any Environmental Laws, related to the Parcels, and Seller has received no notice of violation or advisory action by state or federal regulatory agencies regarding compliance with Environmental Laws with respect to the Parcels.

9.3.3 Remaining Contamination. To the knowledge of Seller, there are no Hazardous Substances in, upon, or buried on or beneath the Parcels and no Hazardous Substances have been emitted or released from the Parcels in violation of any Environmental Laws.

9.3.4 Migration. To the knowledge of Seller, no Hazardous Substances have migrated from or through the Parcels onto or below the surface of the surrounding real property, in violation of any Environmental Laws.

- 9.3.5 Transportation. To the knowledge of Seller, Seller has not transported Hazardous Substances from the Parcels in violation of Environmental Laws. To the knowledge of Seller, Seller has not transferred Hazardous Substances from the Parcels to another location in violation of Environmental Laws. To the knowledge of Seller, no other entity or person has transported Hazardous Substances from the Parcels in violation of Environmental Laws. To the knowledge of Seller, no other entity or person has transferred Hazardous Substances from the Parcels to another location in violation of Environmental Laws.
- 9.4 Contracts, Leases, Options Affecting the Parcels. Seller has not entered into, and will not enter into, any other contracts for the sale of the Parcels, nor do there exist, nor will there be, any rights of first refusal, options to purchase the Parcels, leases, mortgages, licenses, prescriptive rights, permits, or other rights or agreement, written or oral, express or implied, which in any way affect or encumber the Parcels, with the exception of matters of record and existing rental agreements referred to in Section 5. The Seller has not sold, transferred, conveyed, or entered into any agreement regarding timber rights, mineral rights, water rights, "air rights," or any other development or other rights or restrictions relating to the Parcels, and to Seller's knowledge, no such rights encumber the Parcels, and will not, through each Closing.
- 9.5 Liens, Notices
- 9.5.1 To Seller's knowledge, there are no intended public improvements or private rights, which will result in the creation of any liens upon the Property or any portion thereof.
- 9.5.2 There are no uncured notices which have been served upon Seller from any governmental agency notifying Seller of any violations of law, ordinance, rule or regulation which would affect the Property or any portion thereof;
- 9.5.3 To Seller's knowledge, there are no actual or impending mechanic's liens against the Property or any portion thereof.
- 9.6 Possession. No one other than Seller will be in possession of any portion of any Parcel at the consummation of each applicable Closing. Buyer will take possession immediately upon Closing.
- 9.7 Changed Conditions. If Seller discovers any information or facts that would materially change the foregoing representations and warranties, Seller will immediately give notice to Buyer of those facts and information. If any of the foregoing representations and warranties ceases to be true before the consummation of the applicable Closing, Seller will work with the Buyer; use its commercially reasonable efforts to remedy the problem, before the applicable Closing. If the problem is not remedied before the applicable Closing Date, Buyer may elect to either 1) terminate this Agreement with respect to the impacted Parcels only, in which case Buyer will have no obligation to purchase the impacted Parcels and all escrow payments relating to such Parcels will be refunded to Buyer, or 2) defer the Closing Date for a period not to exceed thirty (30) days or until such problem has been remedied, whichever occurs first.
- 9.8 Reserved.

- 9.9 **Relocation Benefits.** Seller covenants that it will be responsible for coordinating, managing and providing all relocation assistance advisory services and payments in connection with the sale of each Parcel and/or the displacement of tenants from such Parcel in connection with the transactions contemplated by this Agreement as shall be required by all applicable federal, state and local laws (“Relocation Activity”). Seller further agrees to indemnify and hold Buyer harmless from any and all costs, expenses, liabilities, obligations and claims which is attributable to actions taken, or omissions, by Seller in carrying out duties expressly delegated to Seller pursuant to Section 9.9 of this Agreement.
10. **Condition of Property**
- 10.1 **AS/IS Sale.** Buyer acknowledges and agrees that with the exception of Seller’s disclosure obligations under Section 5 and its representations and warranties under Sections 9, 11 and 12 of this Agreement, and any repairs to the improvements on the Parcels that the parties may negotiate, that Seller is selling, and Buyer is purchasing all Parcels and improvements located thereon in AS/IS condition. Seller makes no representations or warranties concerning the physical, structural and environmental condition of any of the Parcels and improvements contained thereon. Likewise Seller does not warrant that the Parcels and improvements contained thereon shall be fit or suitable for any particular use. Buyer and its agents are solely responsible for making all investigation of the condition of each of the Parcels and improvements located there on and Seller shall bear no responsibility or liability for any such conditions following each applicable Closing. Buyer acknowledges and agrees that Buyer will be concluding its purchases of the Parcels based upon Buyer’s inspection and investigation of each Parcel, and is purchasing the Parcels subject to the representations and warranties set forth in Sections 8, 9, 11 and 12, herein. Buyer specifically acknowledges that, with the exception of the representations and warranties set forth above in Subsection 9.3, Seller makes no representations or warranties regarding and physical, structural, and environmental matters pertaining to the Parcels.
11. **Seller’s Representations, Warranties and Covenants Regarding the Parcels through the Closing.** Seller further represents, warrants, and covenants that, until each Closing is completed or an applicable escrow is terminated, whichever comes earlier, it shall:
- 11.1 Maintain the Parcels in substantially their present state, with no material, adverse alterations of the Parcels in any way;
- 11.2 Comply with all government regulations.
12. **General Representation.** Buyer’s and Seller’s representations and warranties contained in Sections 9, 11 and 12 herein are true and accurate, and are not misleading. Buyer’s and Seller’s representations and warranties contained in Sections 9, 11 and 12 herein shall be continuing and shall be true and correct as of each Closing Date with the same force and effect as if remade by Buyer and Seller in a separate certificate at the time. Buyer’s and Seller’s representations and warranties contained in Sections 9, 11 and 12 herein shall survive the close of escrow for a period of ten (10) years following the Closing Date and shall not merge into the Deed and the recordation of the Deed in the official records of Multnomah County, Oregon.

13. Buyer's Representations and Warranties. Buyer hereby represents, warrants and covenants with Seller that:

13.1 Subject to 5.1.8 and 5.1.9, Buyer has the legal power, right, and authority to enter into this Agreement and the instruments referred to here and to consummate the transactions contemplated herein;

13.2 All requisite action has been taken by Buyer in connection with entering into this Agreement and the instruments referred to herein and the consummation of the transactions contemplated herein; and

13.3 The persons executing this Agreement and the instruments referred to herein on behalf of Buyer have the legal power, right, and actual authority to bind Buyer to the terms and conditions of this Agreement.

13.4 Buyer covenants that as of the Effective Date of this Agreement, Portland Development Commission housing staff have taken all actions to include in the FY-2008-09 Requested Budget, a request for funds in an amount sufficient to enable Buyer to complete the Closings on the terms and conditions in this Agreement if such budget request is approved by the Portland Development Commission Board of Commissioners in accordance with Oregon Local Budget Law (ORS 294.305-294.565), as amended.

14. Risk of Loss. With the exception of any damage caused to any of the Parcels by Buyer or its agents, Seller will bear the risk of all loss or damage to the Parcels from all causes, through each Closing Date. If, before each applicable Closing Date, all or part of the Parcels are damaged by fire or by any other cause of any nature, Seller will give Buyer written notice of such event. Buyer may elect to remove such damaged Parcels from the applicable Bundle by giving written notice to Seller within fifteen (15) days following receipt by Buyer of written notice from Seller of such casualty and Escrow Agent will return to Buyer a prorated portion of the Earnest Money Deposit with all accrued interest applicable to such proration, notwithstanding the provisions of Section 3.1.2. In the event that a Parcel(s) is/are removed from a Bundle pursuant to this Section 14, such removal shall not impact or otherwise affect the sale of the remaining Parcels in the Bundle under this Agreement.

15. Notices. All notices under this Agreement shall be in writing. Notices may be (i) delivered personally, (ii) transmitted by facsimile, (iii) delivered by a recognized national overnight delivery service, or (iv) mailed by certified United States mail, postage prepaid and return receipt requested. Notices to any party shall be directed to its address set forth below, or to such other or additional address as any party may specify by notice to the other parties. Any notice delivered in accordance with this Section 15 shall be deemed given when actually received or, if earlier, (a) in the case of any notice transmitted by facsimile, on the date on which the transmitting party receives confirmation of receipt by facsimile transmission, telephone, or otherwise, if sent during the recipient's normal business hours or, if not, on the next Business Day, (b) in the case of any notice delivered by a recognized national overnight delivery service, on the next Business Day after delivery to the service or, if different, on the day designated for delivery, or (c) in the case of any notice mailed by certified U.S. mail, two Business Days after deposit therein.

To Seller:
Housing Authority of Portland
135 SW Ash Street, 5th Floor
Portland, OR 97204
Attention: Jan Probstfeld

Phone No. (503) 802-8461

With Copy: Housing Authority of Portland
135 SW Ash Street, 5th Floor
Portland, OR 97204
Attention: Mike Andrews
Phone No. (503) 802-8507

To Buyer: Portland Development Commission
222 NW Fifth Avenue
Portland, Oregon 97209-3859
Attention: Shelly Haack
Phone No. (503) 823-0942
Fax No. (503) 823-3675

With Copy: Portland Development Commission
222 NW Fifth Avenue
Portland, Oregon 97209-3859
Attention: General Counsel
Phone No. (503) 823-3200
Fax No. (503) 865-3865

16. **Brokerage Commissions.** Buyer represents that it has retained no real estate broker in connection with this transaction. Seller represents that it has retained no real estate broker in connection with this transaction. In the event any person asserts a claim for a broker's commission or finder's fee against one of the parties to this Agreement, then the party against whom the claim is asserted will hold the other party harmless and defend from said claim.
17. **Further Actions of Buyer and Seller.** Buyer and Seller agree to execute all such instruments and documents and to take all actions pursuant to the provisions of this Agreement in order to consummate the purchase and sale contemplated and will use their best efforts to accomplish the close of escrow in accordance with the provisions herein.
18. **Legal and Equitable Enforcement of This Agreement.**
- 18.1 **Default by Seller.** In the event that a Closing herein contemplated does not occur by reason of any default by Seller, Buyer will be entitled to a refund of its Earnest Money Deposit including any interest earned thereon, as prorated to reflect \$5,000 for each Parcel that did not close. This shall be Buyer's sole and exclusive remedy whether at law or in equity.
- 18.2 **Default by Buyer.** In the event that a Closing herein contemplated does not occur by reason of any default by Buyer, Buyer and Seller agree that it would be impractical and extremely difficult to estimate the damages that Seller may suffer. Accordingly, Buyer and Seller agree that a reasonable estimate of the total net detriment that Seller would suffer in the event of any such default by Buyer and under this Agreement is and will be, and Seller's sole and exclusive remedy (whether at law or in equity), is and will be an amount equal to the prorated sum of the Earnest Money Deposit prorated to reflect \$5,000 for each Parcel that did not close. The payment of such amounts as liquidated damages is not intended as a forfeiture or penalty, but is intended to represent liquidated damages to Seller. Upon such default by Buyer, this Agreement as to the Parcels which

did not close will be terminated and neither party will have any further rights or obligations with respect to such Parcels, each to the other, except for the right of Seller to collect such liquidated damages from Buyer and the Escrow Agent.

18.3 Multiple Closings. The parties acknowledge that there are multiple Closings contemplated in this Agreement. Default by Buyer or Seller as to one Closing shall not invalidate or affect the parties' respective obligations to purchase and sell the remaining Parcels/Bundles contemplated in this Agreement.

19. Miscellaneous.

19.1 Partial Invalidity. If any term or provision of this Agreement or the application to any person or circumstance will, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable, will not be affected thereby, and each such term and provision of this Agreement will be valid and be enforced to the fullest extent permitted by law.

19.2 Waivers. No waiver of any breach of any covenant or provision contained herein will be deemed a waiver of any preceding or succeeding breach thereof or of any other covenant or provision herein contained. No extension of time for performance of any obligation or act will be deemed an extension of the time for performance of any other obligation or act.

19.3 Successors and Assigns. This Agreement will be binding on and will inure to the benefit of the successors and assigns of the parties to it. Buyer may assign its interest in this Agreement and the Property to any other person or entity upon receiving approval by Seller of such assignment. In the event that an assignee assumes the obligations of Buyer hereunder, then Buyer will have no further liability with respect to this Agreement.

19.4 Entire Agreement. This Agreement (including any exhibits attached to it) is the final expression of, and contains the entire agreement between, the parties with respect to the subject matter of the Agreement and supersedes all prior understandings with respect to it. This Agreement may not be modified or terminated, nor may any obligations under it be waived, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted here.

19.5 Time of Essence. The Seller and Buyer hereby acknowledge and agree that time is strictly of the essence with respect to every term, condition, obligation, and provision.

19.6 Governing Law. The parties acknowledge that this Agreement has been negotiated and entered into in the state of Oregon. The parties expressly agree that this Agreement will be governed by and interpreted in accordance with the laws of the state of Oregon.

19.7 Incorporation of Exhibits and Recitals. All Exhibits and Recitals to this Agreement shall, by this reference, be hereby incorporated into and deemed a part of this Agreement.

THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND

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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 SECTIONS 2, 3 AND 5 TO 22 OF CHAPTER 424, OREGON LAWS 2007 (BALLOT MEASURE 49 (2007)). 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 SECTIONS 2, 3 AND 5 TO 22 OF CHAPTER 424, OREGON LAWS 2007 (BALLOT MEASURE 49 (2007)).

THE PERSON ACQUIRING FEE TITLE TO THIS PROPERTY SHOULD BE AWARE THAT A VALID LIEN MAY BE PLACED ON THIS PROPERTY FOR CLAIMS FOR UNPAID CONSTRUCTION RELATED TRANSACTIONS OR ACTIVITIES ON THE PROPERTY EVEN IF THE CIRCUMSTANCES THAT GIVE RISE TO THAT CLAIM OCCURRED PRIOR TO PURCHASE. SUCH CIRCUMSTANCE MAY INCLUDE, WITHOUT LIMITATION, CLAIMS FOR LABOR, MATERIAL, EQUIPMENT OR SERVICES CONTRACTED BY THE OWNER FOR THE PROPERTY THAT WERE UNPAID.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the last date of signature specified below.

BUYER:

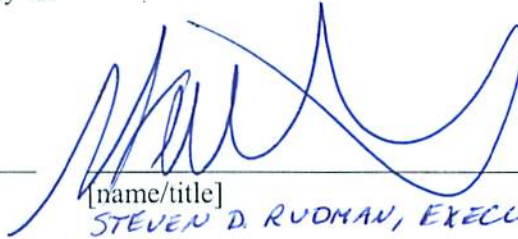
SELLER:

City of Portland, acting by and through the Portland Development Commission, the duly designated urban renewal agency of the City of Portland

Housing Authority of Portland, an Oregon Public Body Corporate and Politic



Bruce A. Warner, Executive Director



[name/title]
STEVEN D. RUDMAN, EXECUTIVE DIRECTOR

Date:
Approved as to Form:

Date:



PDC Legal Counsel

Attachments:

- Exhibit A – List of Property
- Exhibit B – List of Property to be Purchased by Buyer
- Exhibit C – Additional Buyer Conditions to Purchase

EXHIBIT A
LIST OF PARCELS²
(AS OF EFFECTIVE DATE OF AGREEMENT)

| | Parcel Address | Urban Renewal Area |
|----|--------------------------|---------------------------|
| 1 | 3101 N Arlington Pl | Interstate |
| 2 | 3702 N Arlington Pl | Interstate |
| 3 | 3309 N Halleck | Interstate |
| 4 | 3325 N Halleck | Interstate |
| 5 | 3107 N Houghton | Interstate |
| 6 | 3220 N Hunt | Interstate |
| 7 | 2505 N Baldwin St | Interstate |
| 8 | 9020 N Chautauqua | Interstate |
| 9 | 8606 N Curtis | Interstate |
| 10 | 8920 N Drummond | Interstate |
| 11 | 5734 NE Mallory | Interstate |
| 12 | 6410 SE 81st | Lents |
| 13 | 6111 SE 86th Ave | Lents |
| 14 | 6325 SE 86th Ave | Lents |
| 15 | 6719 SE 86th Ave | Lents |
| 16 | 6801 SE 86th Ave | Lents |
| 17 | 6317 SE 89th Ave | Lents |
| 18 | 8037 SE Duke | Lents |
| 19 | 8730 SE Rural St | Lents |
| 20 | 8732 SE Rural St | Lents |
| 21 | 10005 SE Ellis St | Lents |
| 22 | 10105 SE Pardee | Lents |
| 23 | 6109 SE 90th Ave | Lents |
| 24 | 6936 SE 91 st | Lents |

² See Exhibit C to this Agreement for additional conditions precedent to acquire certain Parcels.

EXHIBIT B

**LIST OF PARCELS TO BE PURCHASED BY BUYER
(AS OF MAY 1, 2008 - INSPECTION/DUE DILIGENCE
CONTINGENCY REMOVAL DATE)³**

| | Parcel Address | Urban Renewal Area |
|----|--------------------------|---------------------------|
| 1 | 3101 N Arlington Pl | Interstate |
| 2 | 3702 N Arlington Pl | Interstate |
| 3 | 3309 N Halleck | Interstate |
| 4 | 3325 N Halleck | Interstate |
| 5 | 3107 N Houghton | Interstate |
| 6 | 3220 N Hunt | Interstate |
| 7 | 9020 N Chautauqua | Interstate |
| 8 | 8606 N Curtis | Interstate |
| 9 | 8920 N Drummond | Interstate |
| 10 | 6111 SE 86th Ave | Lents |
| 11 | 6325 SE 86th Ave | Lents |
| 12 | 6719 SE 86th Ave | Lents |
| 13 | 6801 SE 86th Ave | Lents |
| 14 | 6317 SE 89th Ave | Lents |
| 15 | 8037 SE Duke | Lents |
| 16 | 8730 SE Rural St | Lents |
| 17 | 8732 SE Rural St | Lents |
| 18 | 10105 SE Pardee | Lents |
| 19 | 6109 SE 90th Ave | Lents |
| 20 | 6936 SE 91 st | Lents |

³ See Exhibit C to this Agreement for additional conditions precedent to acquire certain Parcels.

EXHIBIT C

ADDITIONAL BUYER CONDITIONS TO PURCHASE

In addition to all other conditions set forth in the Agreement, Buyer and Seller agree that the following additional conditions precedent set forth in this Exhibit C must be satisfied to the satisfaction of Buyer prior to Buyer's obligation to acquire each Leaking UST-Containing Parcel (as defined below) and the BSL Parcel (as defined below). In the event any condition is not satisfied or waived in the manner provided below, Buyer shall have (i) the right to terminate this Agreement as to each applicable Parcel and (b) the right to a refund of all applicable escrow payments relating to such applicable Parcels.

Decommissioning of Known Leaking Underground Storage Tanks

As of the Effective Date of the Agreement, Seller and Buyer agree that each of the Parcels identified immediately below contain at least one known leaking underground storage tank ("Leaking UST"):

- (1) 3220 N Hunt Avenue, Portland, Oregon 97217
- (2) 3702 N Arlington Avenue, Portland, Oregon 97217

(each, a "Leaking UST-Containing Parcel").

Seller agrees, at its sole expense, to cause (i) the decommissioning and removal of each known Leaking UST located on each Leaking UST-Containing Parcel and (ii) the performance of such Remedial Action as shall be necessary to contain or remove contamination, if any, to the Leaking UST-Containing Parcel caused by the leakage of Hazardous Substances from the Leaking UST, all on or before May 1, 2008.

"Remedial Action" means those actions consistent with a permanent remedial action taken instead of or in addition to removal actions in the event of a release or threatened release of a hazardous substance into the environment, to prevent or minimize the release of a hazardous substance so that it does not migrate to cause substantial danger to present or future public health, safety, welfare or the environment, including but not limited to investigations, treatment, excavation and offsite disposal, engineering controls, institutional controls or any combination thereof, as more fully set forth in ORS 465.200 and OAR 340-122-0115.

Seller agrees to cause all of the above-described clean up work (i.e. decommission and removal of known Leaking USTs and remediation of any contamination on each Leaking UST-Containing Parcel caused by such Leaking USTs) for each of the Leaking UST-Containing Parcels to be performed (i) in accordance with all Environmental Laws, including without limitation, requirements established by the State of Oregon Department of Environmental Quality ("DEQ") and (ii) by a DEQ Licensed Heating Oil Tank contractor. Upon completion of all of the above-described clean up work, Seller agrees to restore each of the Leaking UST-Containing Parcels and any improvements located on such Parcels that are disturbed as a result of the clean up work to the condition pre-existing such disturbance at the sole expense of Seller. Seller further agrees to provide to Buyer a copy of the UST decommissioning report, the tank closure letter to

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be issued by DEQ and a DEQ "no further action" letter for each of the Leaking UST-Containing Parcels, each within five (5) Business Days of Seller's receipt.

Seller agrees to pay for all costs of the above-described clean up work, site restoration work and all DEQ oversight costs.

Buyer and Seller each acknowledge that Buyer would have opted not to purchase each Leaking UST Containing Parcel as of the Inspection/Due Diligence Contingency Removal Date if Seller had not agreed to perform all obligations contained under this section entitled, "Decommissioning of Leaking Underground Storage Tanks."

Sewer Repair

As of the Effective Date of the Agreement, Seller and Buyer agree that the Parcel identified immediately below contains a broken sewer line providing sewer service to 6109 SE 90th Avenue, Portland, Oregon 97266 ("BSL Parcel"). Seller agrees at its sole expense to undertake such actions as shall be necessary to cause repairs to be made to the sewer line which provides service to the BSL Parcel on or before May 30, 2008. Seller agrees to cause the sewer line repairs to be performed by either the City of Portland and/or a licensed contractor in conformance with all City of Portland code requirements. Upon completion of the above described sewer line repairs, Seller agrees to restore the BSL Parcel and any improvements located on such Parcel that are disturbed as a result of the sewer line repair work to the condition pre-existing such disturbance at the sole expense of Seller. Seller further agrees to provide to Buyer a copy of the final sewer permit approval and inspection report, each within five (5) Business Days of Seller's receipt.

Seller agrees to pay for all costs of the sewer repairs, site restoration work and any permitting costs.

Buyer and Seller each acknowledge that Buyer would have opted not to purchase the BSL Parcel as of the Inspection/Due Diligence Contingency Removal Date if Seller had not agreed to perform all obligations contained under this section entitled, "Sewer Repair."

Review Period

Following receipt by Buyer of (i) the UST decommissioning report, the tank closure letter to issued by DEQ and a DEQ "no further action" letter for each Leaking UST-Containing Parcel and (ii) the final sewer inspection report, in the case of the BSL Parcel, Buyer shall have thirty (30) calendar days to review such documentation, inspect the applicable Parcels and accept or reject Seller's performance of all obligations set forth in this Exhibit C with respect to any one or more of the Leaking UST-Containing Parcels or the BSL Parcel. If Buyer rejects the work performed, Buyer will have no obligation to purchase such applicable Parcel(s) and all escrow payments relating to such Parcel(s) will be refunded to Buyer. If Buyer fails to notify Seller of its acceptance or rejection of Seller's performance of the obligations set forth in this Exhibit C within the thirty (30) calendar day period specified in this paragraph, Buyer's failure to notify Seller shall be deemed a waiver of the applicable condition precedent.

PDC

PORTLAND DEVELOPMENT COMMISSION

Resolution Number 6592

TITLE: HORIZING ACQUISITION OF TWENTY SINGLE FAMILY RESIDENCES FROM THE HOUSING AUTHORITY OF PORTLAND LOCATED IN THE LENTS TOWN CENTER AND INTERSTATE CORRIDOR URBAN RENEWAL AREAS FOR AN AMOUNT NOT TO EXCEED \$3,944,400, FOR THE PURPOSE OF REHABILITATING THESE PROPERTIES AND SELLING THEM TO QUALIFYING FIRST-TIME HOMEBUYERS.

Adopted by the Portland Development Commission on May 28, 2008.

| PRESENT FOR VOTE | COMMISSIONERS | VOTE | | |
|---|-----------------------|--|--------------------------|--------------------------|
| | | Yea | Nay | Abstain |
| <input checked="" type="checkbox"/> | Mark Rosenbaum, Chair | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Sal Kadri | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Bertha Ferrán | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Charles Wilhoite | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | John Mohlis | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> Consent Agenda | | <input checked="" type="checkbox"/> Regular Agenda | | |

Certification

The undersigned hereby certifies that:

The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Portland Development Commission and duly recorded in the official minutes of the meeting.


Renee A. Castilla, Recording Secretary

Date: June 12, 2008