

## **RESOLUTION NO. 976**

### **A RESOLUTION AUTHORIZING THE CANBY URBAN RENEWAL AGENCY BOARD TO ENTER INTO AN OPTION CONTRACT TO PURCHASE REAL PROPERTY LOCATED AT 301 NE THIRD STREET, CANBY, OREGON**

**WHEREAS**, the Canby City Council established an Urban Renewal Agency to function within the City pursuant to Ordinance 1032 passed October 6, 1999; and

**WHEREAS**, pursuant to the CMC 2.68.030 the City Council shall exercise all powers, duties rights granted to the Urban Renewal Agency, unless specifically granted by the City Council to the Agency to perform; and

**WHEREAS**, the Urban Renewal Agency is seeking to enter into an option agreement to purchase real property located at 301 NE Third Street in Canby, Oregon in connection with an Urban Renewal District redevelopment project and is requesting that the City Council authorize the execution of an Option Agreement, attached hereto as Exhibit "A" and by this reference made a part hereof; and

**WHEREAS**, City Council finds that it is in the City's best interest to complete the proposed redevelopment project:

**NOW THEREFORE, IT IS HEREBY RESOLVED** by the City Council of the City of Canby, as follows:

1. The City of Canby Urban Renewal Agency Board is hereby authorized to enter into the proposed Option Agreement, attached hereto as Exhibit "A", and by this reference incorporated herein, to purchase real estate located at 301 NE Third Street in Canby, Oregon.
2. The City Administrator of the City of Canby is further authorized and directed to sign the attached Exhibit "A" on behalf of the Urban Renewal Agency Board and carry out all necessary actions to execute and record the Option Agreement.

This Resolution shall take effect on May 7, 2008.

ADOPTED this 7<sup>th</sup> day of May, 2008, by the Canby City Council.

  
Melody Thompson - Mayor

ATTEST:

  
Kimberly Scheafer, CMC  
City Recorder, Pro-Tem

## EXHIBIT "A"

### REAL ESTATE OPTION AGREEMENT (Battilega)

This REAL ESTATE OPTION AGREEMENT ("Agreement"), dated as of the 21<sup>st</sup> day of April, 2008 ("Effective Date"), is by and between Andreina T. Battilega ("Owner"), and the Urban Renewal Agency of the City of Canby, Oregon ("Optionee").

#### RECITALS

- A. Owner is the owner of certain real property located at 301 NE Third Avenue, Canby, Oregon, and more particularly described on **Exhibit A**, attached hereto, and by this reference incorporated herein (the "Property").
- B. Optionee is the Urban Renewal Agency of the City of Canby, Oregon organized under the laws of the State of Oregon.
- C. Optionee desires to obtain an option to acquire from Owner, and Owner desires to grant Optionee, an irrevocable first position option to purchase the Property on the terms and conditions set forth herein.
- D. If the option granted Optionee hereunder is exercised, the parties wish to provide for the terms of the purchase pursuant to this Agreement.

#### AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Owner and Optionee agree as follows:

#### ARTICLE I OPTION TO PURCHASE PROPERTY

1.1 Grant of Options. Owner hereby grants Optionee an irrevocable first position option (the "Option") to purchase the Property for a price and on the terms and conditions hereinafter set forth for a period commencing on the Effective Date of this Agreement and terminating at 5:00 p.m. on September 15, 2008 (the "Option Period"). The Option may be extended for an additional five (5) months (until January 15, 2009) by giving written notice of the decision to extend on or before September 14, 2008.

1.2 Exercise of Option. The Option may be exercised by Optionee at any time during the Option Period by delivery of written notice of election to exercise the Option to Owner. If Optionee fails to timely deliver such notice of exercise, this Agreement shall terminate. Immediately upon the exercise of the Option by Optionee, Owner and Optionee will enter into the attached Real Estate Purchase and Sale Agreement. The parties agree that closing of the sale will not occur until sixty (60) days from the date all contingencies to closing are removed, in accordance with the terms of Section 4 of the Real Estate Purchase and Sale Agreement, in order to allow Owner to have adequate time to move from the Property prior to the closing of the sale. Owner and Optionee may mutually agree may opt to shorten this period of time in order to allow closing to occur sooner if both parties desire to close sooner.

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Option Agreement - Battilega

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1.3 Option Payment. Upon execution and delivery of this Agreement, Optionee will deliver to Escrow Holder (defined in **Article II**) the sum of Eleven Thousand Four Hundred Fifty and 00/100 Dollars (\$11,450.00). If Optionee wishes to extend the Option Period for an additional five (5) months to January 15, 2009, then Optionee must deliver to Escrow Holder a second sum of Eleven Thousand Four Hundred Fifty and 00/100 Dollars (\$11,450.00) on or before September 14, 2008. All Option Payments made shall be applied to the Purchase Price in the event the Option is exercised on or before January 15, 2009. In the event the Optionee elects not to exercise the Option, the Option Payment(s) will be disposed of by Escrow Holder in accordance with **Section 1.6**.

1.4 Termination. At any time during the Option Period, Optionee may give written notice to Owner that Optionee elects to terminate this Agreement. In such event, this Agreement shall terminate and neither party shall have any further liability hereunder, except as otherwise provided in **Sections 1.6** and **1.7**.

1.5 Exercise. At any time during the Option Period, Optionee may give written notice to Owner that Optionee elects to exercise the Option. In such event, the Option Payment(s) shall be fully credited to the Purchase Price at closing, as described below.

1.6 Disposition of Option Payment. Within ten (10) days of the Effective Date, Optionee and Owner shall order a preliminary title policy from Escrow Holder showing that Owner is the sole Owner of the Property and the current condition of title. If Optionee and Owner cannot agree, within thirty (30) days from receipt of such preliminary title report, which exceptions to title must be removed and which exceptions will be permitted to remain upon the sale of the Property, then this Agreement will terminate without liability to either party. If the preliminary title report is accepted by Owner and Optionee, Owner will order an appraisal to confirm that the Purchase Price set forth in **Section 2.1** is within the fair market value range. As soon as appraisal confirmation is received by Owner that the Purchase Price is within fair market value range, the Option Payment will be released to Owner. In the event the Option is exercised, any Option Payments will be credited toward the Purchase Price. In the event this Agreement is terminated due to a breach of this Agreement by Owner, any Option Payments will be returned to Optionee.

1.7 Breaches by Owner. In the event Owner fails to abide by the terms of this Option, Optionee shall be entitled to sue for specific performance of this Agreement or to any other remedy available at law or in equity, including but not limited to return of any Option Payment(s).

## **ARTICLE II PURCHASE PRICE**

2.1 Purchase Price. If Optionee exercises the Option, the purchase price for the Property ("Purchase Price") shall be Two Hundred Twenty-Nine Thousand and 00/100 Dollars (\$229,000.00), subject to credit for any Option Payment(s) already made. The Purchase Price shall be paid by Optionee in cash or immediately available funds at the closing. Optionee shall be granted access to the Property to conduct an appraisal to verify the Purchase Price and, as stated above, shall release the Option Payment upon receipt of the appraisal confirming the Purchase Price is within a fair market value range. The Appraisal shall be completed within sixty (60) days of the Effective Date of this Agreement.

2.2 Escrow Holder. Chicago Title Insurance Company has been designated as escrow holder hereunder by mutual agreement of Owner and Optionee ("Escrow Holder").

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Option Agreement - Battilega

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**ARTICLE III**  
**PURCHASE AND SALE AGREEMENT & TITLE REPORT**

If the Option is exercised, Owner and Optionee shall enter into a Real Estate Purchase and Sale Agreement for the Property in the form attached hereto as **Exhibit B** and incorporated by reference herein. If Owner does not sign the Purchase and Sale Agreement within five (5) days of the date the Option is exercised, Owner shall be considered in breach of this Agreement and the Option Payment(s) will be returned to Optionee by Escrow Holder or Optionee.

**ARTICLE IV**  
**MISCELLANEOUS**

4.1 Brokers and Finders. Tim Stuart of Stuart Realty Group is the only broker involved in this transaction. If the Option is exercised and the sale of the Property closes to Optionee, Optionee shall be responsible to pay the brokerage commission of Four Thousand Five Hundred Eighty and 00/100 Dollars (\$4,580.00) to the foregoing broker.

4.2 Notices. All notices, demands, requests, consents and approvals which may, or are required to, be given by any party to any other party hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, sent by a nationally recognized overnight delivery service, or if mailed or deposited in the United States mail and sent by certified mail, return receipt requested, postage prepaid to:

If to Optionee:  
The Urban Renewal Agency for City of Canby  
182 North Holly Street  
PO Box 930  
Canby, OR 97013  
Attn: Catherine Comer

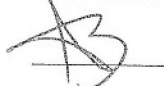
If to Owner:  
Andreina T. Battilega  
301 NE Third Avenue  
Canby, OR 97013

or to such other addresses as either party hereto may from time to time designate in writing and deliver in a like manner. All notices that are mailed via certified mail shall be deemed received four business days after mailing. All other notices shall be deemed served upon actual receipt or refusal to accept delivery.

4.3 Amendment & Waiver. No modification, termination or amendment of this Agreement may be made except by written agreement of the parties hereto. No failure by Owner or Optionee to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, agreement, term or condition. No waiver shall affect or alter this Agreement, and each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other than existing or subsequent breaches thereof. All the terms, provisions, and conditions of this Agreement shall inure to the benefit of and be enforceable by Owner's or Optionee's respective heirs, successors and assigns.

4.4 Captions. The captions of this Agreement are for convenience and reference only and in no way define, limit or describe the scope or intent of this Agreement.

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Option Agreement - Battilega

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4.5 Merger of Prior Agreements. This Agreement and the exhibits hereto constitute the entire agreement between the parties with respect to the purchase and sale of the Property, and supersede all prior and contemporaneous agreements and understandings between the parties hereto relating to the subject matter hereof.

4.6 No Joint Venture. It is not intended by this Agreement to, and nothing contained in this Agreement shall create any partnership, joint venture or other arrangement between Optionee and Owner. No term or provision of this Agreement is intended to be, or shall be, for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder.

4.7 Governing Law & Time. This Agreement and the right of the parties hereto shall be governed by and construed in accordance with the laws of the State of Oregon, with jurisdiction in Clackamas County. Time is of the essence of this Agreement.

4.8 Attorney Fees. In the event of litigation concerning this Agreement, the losing party shall be required to pay the reasonable attorney fees and costs of the prevailing party, in the amount provided by the judge before whom the matter is heard.

4.9 Authority. The parties signing below represent and warrant they have the requisite authority to bind the entities on whose behalf they are signing.

**IN WITNESS WHEREOF,** the parties have executed this Agreement as of the day and year first above written.

**OWNER:**

By: \_\_\_\_\_

Print Name: Andreina T. Battilega

Andreina Battilega

**OPTIONEE:**

THE URBAN RENEWAL AGENCY OF THE CITY  
OF CANBY, OREGON

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

As Its: \_\_\_\_\_

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Option Agreement - Battilega

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**EXHIBIT A**  
**Legal Description**

Section 33 Township 3S Range 1E  
Quarter DB Tax Lot 02500

Parcel Number: 00795358  
Reference Parcel: 31E33DB02500  
Mail Address: 301 NE 3rd Avenue  
Canby, Oregon 97013

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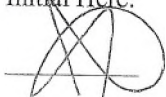
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Exhibit A to Option Agreement - Battilana

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**EXHIBIT B**  
**Real Estate Purchase and Sale Agreement**

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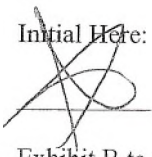
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Exhibit B to Option Agreement - Rattilega

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**REAL ESTATE PURCHASE AND SALE AGREEMENT**  
**(Battilega Property)**

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT (the "Agreement") is entered into by and between the Urban Renewal Agency of the City of Canby, Oregon ("Purchaser") and Andreina T. Battilega ("Seller"), as of the \_\_\_\_\_ day of \_\_\_\_\_, 2008 (the "Effective Date").

**SECTION 1. PURCHASE AND SALE**

**1.1 Purchase and Sale.**

Seller hereby represents and warrants that Seller is the current sole and exclusive owner of that real property legally described in **Exhibit A**, attached hereto and incorporated by reference herein (the "Property") and has the full right and authority to convey the Property free and clear of any liens, claims or encumbrances. Seller further represents that the Property is occupied by Seller, and is not subject to any lease, other agreement or dispute. The Property is being conveyed together with all rights, easements and appurtenances pertaining to such real property including, but not limited to, water rights, mineral rights, development rights, contract rights and permits relating to the Property, and all improvements located thereon.

**1.2 Survival.**

The provisions included in this Agreement shall survive Closing (as defined in **Section 7**) and shall be fully effective thereafter.

**SECTION 2. PURCHASE PRICE AND ALLOCATIONS**

**2.1 Purchase Price.**

The purchase price for the Property (the "Purchase Price") shall be TWO HUNDRED TWENTY-NINE THOUSAND DOLLARS (\$229,000).

**2.2 Payment of Purchase Price.**

The Purchase Price shall be payable to Seller in cash or immediately available funds at Closing.

**2.3 Escrow and Earnest Money.**

The Earnest Money, which shall be credited to the Purchase Price, shall consist of the Option Fees paid pursuant to the Option Agreement entered into between the parties. Within five (5) days of Purchaser's receipt of Seller's signature on this Agreement, Purchaser shall open an escrow account with, and order a preliminary title commitment from, Chicago Title Insurance Company (the "Title Company") and deliver a copy of this Agreement to the Title Company.

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### SECTION 3. TITLE MATTERS

#### 3.1 Title Review.

3.1.1. Preliminary Commitment. Upon opening of the escrow account, Purchaser and Seller will order, at Seller's cost and expense, a preliminary commitment (the "Preliminary Commitment") for the Title Policy, as described in **Section 3.2**, showing the status of title of the Property, showing all exceptions and conditions affecting the Property which would appear in the Title Policy, and committing the Title Company to issue such a Title Policy to Purchaser. Seller will also cause the Title Company to concurrently deliver to Purchaser complete and legible copies of all instruments referred to in the Preliminary Commitment as conditions or exceptions to the title (the "Exception Documents"). Seller hereby authorizes and directs the Title Company to furnish to Purchaser the foregoing items.

3.1.2. Purchaser's Review. Purchaser shall have ten (10) days after receipt of the Preliminary Commitment and Exception Documents to notify Seller, in writing, of its approval and/or disapproval of each exception shown in the Preliminary Commitment. Purchaser's failure to notify Seller within the above referenced time period shall be deemed Purchaser's disapproval of the Preliminary Commitment and Exception Documents. Any exception that Purchaser has approved, in writing, shall become a Permitted Exception.

3.1.3. Seller's Response. If Purchaser does notify Seller of an objection to any exception, then Seller shall have up to ten (10) days after receipt of Purchaser's notice to notify Purchaser, in writing, of its agreement to remove any of the disapproved exceptions. Seller's failure to notify Purchaser within this time period as to whether or not Seller will take the action required to remove a particular exception shall constitute Seller's agreement to remove that exception prior to Closing. Seller shall thereafter remove, by Closing, the exceptions it has agreed to remove, either by express agreement or by the foregoing failure to respond.

3.1.4. Purchaser's Rights. If Seller declines to remove all or some of the exceptions disapproved by Purchaser, Purchaser shall have up to ten (10) days to notify Seller, in writing, whether it will, in its sole discretion, waive such objections or terminate this Agreement. Purchaser's failure to give such notice shall constitute Purchaser's election to terminate this Agreement. In the event Purchaser gives written notice of its election to waive the exceptions that Seller has declined to cure, then those initially disapproved but subsequently accepted exceptions shall become Permitted Exceptions. If Purchaser elects to terminate this Agreement, Seller shall immediately return the Earnest Money to Purchaser. Purchaser shall pay any cancellation fee or other cost of the Title Company.

3.1.5. Updated Title Matters. The foregoing notice and response procedures shall be repeated for any title exceptions first appearing after Purchaser's receipt of the Preliminary Commitment, except that if the time period for delivery of any notice extends beyond the Closing Date, such notice and all subsequent notices shall be delivered on or before the Closing Date.

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### 3.2 Title Policy.

3.2.1. Delivery of Policy. At Closing, Seller will, at its sole cost and expense, cause the Title Company to issue to Purchaser an ALTA standard coverage owner's policy of title insurance, in the amount of the Purchase Price, insuring Purchaser against loss or damage arising from any defects in title to the Property other than the Permitted Exceptions (the "Title Policy"). The Title Policy shall contain such endorsements as shall be reasonably requested by Purchaser. If Purchaser elects to obtain an ALTA extended coverage owner's policy, Purchaser shall pay the difference in the premium between the standard coverage policy and the extended coverage policy, and Seller shall cooperate in order to allow the extended coverage policy to be issued.

3.2.2. Failure to Deliver Policy. If, at Closing, the Title Company will not issue the Title Policy as provided above, Purchaser may either proceed to close despite the lack of required insurance, or terminate this Agreement. If Purchaser terminates this Agreement because of the failure of the title Company to issue the Title Policy as provided above, Seller shall immediately return the Earnest Money to Purchaser. Seller shall pay any cancellation fee or other cost of the Title Company, and this Agreement shall terminate and all rights and obligations of the parties shall terminate unless such failure is due to a default by Seller and in that case the remedies of **Section 9.1** shall also apply.

## **SECTION 4. FEASIBILITY CONTINGENCY/DUE DILIGENCE**

### 4.1 Feasibility Contingency.

Purchaser's obligation to purchase the Property is contingent upon Purchaser's satisfaction, in its sole and absolute discretion, with the condition of the Property. Purchaser shall notify Seller, in writing, within ninety (90) days following execution of this Agreement of its waiver of this contingency ("Due Diligence Period"). If Purchaser determines that it will not purchase the Property prior to the expiration of the Due Diligence Period and so notifies Seller, in writing, within the required timeframe, Seller shall be entitled to keep the Option Fees/Earnest Money. Purchaser shall pay any cancellation fee or other cost of the Title Company, and this Agreement shall terminate and all rights and obligations of the parties, except Purchaser's indemnity obligations under **Section 4.2** of this Agreement, shall terminate. Due Diligence shall include, but is not limited to, all of the following:

4.1.1. Purchaser's Inspection. Throughout the Due Diligence Period, Purchaser and its agents, employees and designees shall have reasonable access to the Property and to the persons and information described herein for the purpose of conducting its Due Diligence and determining the feasibility of the use of the Property for Purchaser's intended use. Purchaser shall contact Seller at (503) 793-1784 in order to arrange for access to the Property. Purchaser shall have the right to enter the Property to investigate and test the Property. Purchaser may conduct such investigations and tests on the Property as it determines are appropriate including, but not limited to, surveys, soil and groundwater samples and tests (including any and all actions required to complete a thorough Phase I and, at Purchaser's sole option, Phase II Environmental Site Assessment), wetland studies, demolition bid, engineering studies, and environmental samples and tests. Purchaser shall have the right to inspect and study Seller's records and

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information relating to the Property including, but not limited to, the items described on **Exhibit B** hereto (collectively, the "Property Information"). Seller will provide such information as soon as possible after execution of this Agreement. Purchaser shall have the right, with reasonable notice; to receive copies of any such documents and records. Purchaser shall also have the right to contact the Seller, government agencies, environmental groups, prior owners, and other third parties who may have information about the past or present condition of the Property. Purchaser shall also have the right to have structural inspections done to the building on the Property if it so elects.

4.1.2. Final Approval. Following completion of Due Diligence, but within the Due Diligence Period, Purchaser's governing board must approve or disapprove the purchase of the Property. If the Board does not approve the purchase of the Property, this Agreement will terminate without liability to either party and Purchaser shall pay any Title Company fees due as a result of the termination.

#### 4.2 Purchaser's Indemnification of Seller.

Seller agrees to cooperate with Purchaser in such investigations, studies and tests, and to provide any information in Seller's possession requested concerning the Property and its prior uses. Purchaser will, however, perform all investigations, studies, and tests at Purchaser's own expense. In addition, Purchaser will indemnify, defend and hold Seller harmless from any costs or claims for personal injury, property damage or materialman's/mechanic's liens caused by Purchaser's entry onto the Property to conduct such inspections, studies and tests. This indemnity shall not apply to any costs or claims (i) resulting from the acts or omissions of Seller, or (ii) resulting from the manufacture, generation, presence, release, disposal or transportation of Hazardous Substances on, to, or from the Property unless caused by Purchaser or its contractors or employees. Purchaser shall not be liable for an exacerbation of any pre-existing environmental condition that may result from environmental testing unless Purchaser has been advised of the presence of such materials and has failed to take reasonable precautions to avoid such exacerbation.

### SECTION 5. PRE-CLOSING OBLIGATIONS

#### 5.1 Seller's Closing Obligations.

At all times from the date of this Agreement to the Closing, Seller will:

5.1.1. Make all payments due under, and comply with each and every covenant and obligation imposed upon the owner of the Property by, promissory notes, mortgages, deeds of trust, ground or other leases and any other agreements affecting the Property, or secured by an interest in the Property or any part thereof, and will take any and all action as may be necessary to avoid any default under such agreements;

5.1.2. Not negotiate, discuss or enter into, or cause to be entered into, any written or oral option, sale agreement, lease, service contract or other contract or agreement regarding or pertaining to the Property or any portion thereof. Seller will also take all action required to terminate any existing leases, contracts or agreements pertaining to the Property prior to Closing

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so that the Property shall be transferred to Purchaser free and clear of any encumbrances, except Permitted Encumbrances;

5.1.3. Pay for any materials, supplies or work provided or ordered for the Property by Seller or Seller's agents prior to the Closing and for which a labor, materialman's or mechanic's lien may be claimed under applicable law and, if required by the Title Company, provide the Title Company with such indemnifications or security as it may require to insure title to the Property at the Closing without exception for any unrecorded labor, materialman's or mechanic's claim of lien.

5.1.4. Reasonably cooperate with Purchaser with respect to all applications relating to the Property and the development of the Property for Purchaser's intended use.

## **SECTION 6. WARRANTIES OF SELLER**

### **6.1 Warranties.**

Seller hereby represents and warrants to Purchaser that Seller is the sole legal owner of the Property with good title thereto and full authority to convey the same to Buyer. For the purposes of inducing Purchaser to consummate the transactions contemplated hereby, in addition to the warranties contained in the Deed for the Property, Seller represents and warrants to Purchaser, as of the date hereof and, except as otherwise set forth herein, as of the Closing Date, all of the following:

6.1.1. Seller has full power, authority and legal right to execute, deliver and perform this Agreement, and all other documents and certificates contemplated hereby; Seller has duly authorized the execution, delivery and performance thereof; and has authorized the person executing this Agreement to do so;

6.1.2. There are no actions, suits, proceedings, orders or investigations pending or, to the best of Seller's knowledge, threatened against or affecting Seller which might adversely affect Seller's performance under this Agreement or the consummation of the transactions contemplated hereby;

6.1.3. Except as expressly provided herein, there is not pending or, to the best of Seller's knowledge, threatened (i) condemnation or similar proceedings with respect to the Property or any part thereof, or (ii) public improvements in, about or outside the Property which might result in the imposition of any assessment, lien or charge against Seller, the Property or any owner of the Property;

6.1.4. None of the following has occurred with respect to the Property or Seller: (i) appointment of a receiver, liquidator, or trustee; (ii) institution of any proceeding for dissolution or liquidation; (iii) filing or any petition for bankruptcy, or action toward reorganization; or (iv) notice of default or forfeiture;

6.1.5. All taxes and assessments and other governmental or quasi-governmental levies of any kind which are due for payment prior to the date hereof, the non-payment of which

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would in any way affect the Property or any part thereof, have been paid, or shall be paid by Seller, prior to or at the Closing Date, together with all interest and penalties thereon;

6.1.6. There are no unpaid bills, claims, or liens pending or contemplated by mechanics, materialmen, surveyors, or others, recorded or unrecorded, in connection with the Property;

6.1.7. The Property is not affected by any special assessment, whether or not a lien thereon, which has not or will not be paid in full by Seller prior to the Closing Date, nor does Seller know of any pending or contemplated assessments or similar charges which will affect the Property;

6.1.8. Neither the Property nor any portion thereof is located in a flood plain or special hazard area as designated by any federal, state or local governmental body or agency;

6.1.9. Nothing prohibits Seller from entering into this Agreement with Purchaser. No other person or entity has an interest in the Property, except as set forth in the Permitted Exceptions;

6.1.10. The Property Information provided by Seller to Purchaser is complete, accurate, true and correct and does not fail to state any fact without which the Property Information would be misleading; and

6.1.11. To the best of Seller's knowledge, except as disclosed in the Property Information provided to Purchaser, (i) there has been no generation, treatment, storage, transfer, disposal or release of Hazardous Substances on the Property (including grease traps which have not been properly cleaned and materials not properly disposed of); (ii) there are no aboveground or underground storage tanks on the Property nor have any aboveground or underground storage tanks been removed from the Property; and (iii) Seller is not aware of any facts which would lead it to believe that there are any Hazardous Substances on the Property. For purposes of this Agreement, the term Hazardous Substances shall mean: "hazardous substance" as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"); "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 ("RCRA"), as amended; hazardous wastes, hazardous materials, hazardous substances, toxic waste, toxic materials, or toxic substances as defined in state or federal statutes or regulations; asbestos-containing materials; polychlorinated biphenyls; radioactive materials; chemicals known to cause cancer or reproductive toxicity; petroleum products, distillates or fractions; any substance the presence of which is prohibited by statute or regulation; and any substance for which any statute or regulation requires a permit or special handling in its use, collection, storage, treatment or disposal.

## 6.2 Purchaser's Warranties.

Purchaser represents and warrants to Seller, as of the date hereof and as of the Closing Date, as follows: Purchaser is an urban renewal agency of the State of Oregon, duly organized and validly existing under the laws of the State of Oregon, and once this Agreement is approved at a meeting of its City Council, as provided in **Section 4.1.2**, this Agreement will become a

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legally binding commitment to purchase the Property. Until that approval is obtained, however, this Agreement may be terminated by Purchaser without liability, except to repair any damage done to Seller's property caused by Purchaser's Due Diligence and to pay the Title Company cancellation fee, if required.

6.3 Survival of Warranties.

The warranties contained in this **Section 6** shall survive the Closing and shall be fully effective thereafter. If Seller breaches any warranty, Purchaser shall have the rights and may exercise, at its option, any of the remedies, provided under **Section 9.1** of this Agreement.

**SECTION 7. CLOSING**

7.1 Closing Date.

Closing of the sale of the Property from Seller to Purchaser shall occur within thirty (30) days following the Due Diligence Period ("Closing" or "Closing Date"), unless this date shall be mutually extended by written amendment to this Agreement, signed by both Purchaser and Seller. Closing shall be held in the offices of the Title Company, or at such other place as may be agreed upon in writing by Seller and Purchaser. Each party hereto agrees to execute and deliver to the Title Company such escrow instructions as may be necessary to implement and coordinate the Closing as set forth in this Agreement.

7.2 Seller's Closing Obligations.

At Closing, Seller will:

7.2.1. execute, acknowledge and deliver a Statutory Warranty Deed to the Property, subject only to the Permitted Exceptions;

7.2.2. execute, acknowledge and deliver such other agreements, documents and instruments as may be necessary to transfer, convey and assign the Property to Purchaser;

7.2.3. deliver to Purchaser, pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended, an affidavit stating that Seller is not a foreign person and providing Seller's United States taxpayer identification number; and

7.2.4. deliver to Purchaser such other instruments or documents as may be required pursuant to the provisions hereof or as mutually agreed by counsel for Seller and Purchaser to be necessary to fully consummate the transaction contemplated hereby.

7.3 Purchaser's Closing Obligations.

At the Closing, Purchaser will:

7.3.1. deliver to Seller cash or funds readily available in the amount of the Purchase Price, less any Earnest Money already paid to Seller; and

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7.3.2. deliver to Seller such other instruments or documents as may be required pursuant to the terms hereof or mutually agreed by counsel for Seller and Purchaser to be necessary to fully consummate the transaction contemplated hereby.

7.4 Allocation of Closing Expenses.

The costs of closing the transaction shall be allocated between Seller and Purchaser as follows:

7.4.1. Seller will pay:

- (a) the cost of the owner's standard Title Policy required by **Section 3.2**;
- (b) the cost of providing to Purchaser all information to be reviewed and approved by Purchaser pursuant **Section 4.2** of this Agreement;
- (c) one-half (1/2) of the escrow fees of the Title Company;
- (d) any applicable real estate excise taxes, transfer taxes and any other taxes and charges with respect to the transaction;
- (e) the costs of clearing title and obtaining any other item to be delivered to Purchaser at Closing;
- (f) any assessments against the Property existing as of Closing, whether due and payable before or after such date;
- (g) all property taxes, interest and penalties necessary to bring the Property out of any "open space", "forest land", "historic", "exempt" or other designation and to eliminate all liability for such charges and to eliminate any restrictions on the use of the Property due to its tax designation; and
- (h) all property taxes due in any tax year prior to the year of Closing.

7.4.2. Purchaser will pay:

- (a) one-half (1/2) of the escrow fees of the Title Company;
- (b) the cost of any extended coverage that exceeds the cost of the Owner's standard coverage and all endorsements, as requested by Purchaser; and
- (c) the cost of recording the Statutory Warranty Deed and any other documents that Purchaser may choose to record.

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7.4.3. All other expenses incurred by Seller or Purchaser with respect to Closing, including, but not limited to, attorneys' fees, shall be borne and paid exclusively by the party incurring the same unless the parties hereto expressly agree in writing to the allocation of part or all of such expenses to one of the parties.

7.5 Prorations.

The following items shall be adjusted or prorated between Seller and Purchaser at the Closing, as of the Closing Date:

7.5.1. Property taxes and assessments for the then current tax year relating to the Property.

7.6 Right to Possession.

At Closing, Purchaser shall have full and unrestricted right to possession of the Property, subject only to the Permitted Exceptions, unless Seller elects to enter into a lease back with Purchaser for a period not to exceed sixty (60) days following Closing, as more particularly described in **Section 10.14** below.

7.7 Risk of Loss.

Risk of loss or damage to the Property by condemnation, eminent domain, foreclosure or similar proceedings (or deed in lieu thereof), or by fire or any other casualty, from the date hereof through Closing will be on Seller and thereafter will be on Purchaser. Seller will immediately notify Purchaser in writing of any such loss or damage. Purchaser shall notify Seller, in writing, within fourteen (14) days of receiving such notice whether Purchaser shall proceed to Closing. Purchaser's failure to notify Seller that it will proceed to Closing shall constitute notice of disapproval of the loss or damage. If Purchaser proceeds to Closing, Seller shall assign to Purchaser any insurance proceeds or condemnation awards, if any, and all causes of action and rights against such condemning authority, insurer or lender. If Purchaser disapproves this loss or damage, the Seller shall immediately return the Earnest Money to Purchaser, Seller shall pay any cancellation fee or other cost of the Title Company, and this Agreement shall terminate and all rights and obligations of the parties shall terminate.

**SECTION 8. INDEMNIFICATION**

8.1 Brokerage Commissions.

Seller and Purchaser warrant that the only broker involved in this transaction is Tim Stuart of Stuart Realty Group, and his commission shall be paid by Purchaser.

8.2 Warranties.

8.2.1. Seller agrees to indemnify, defend and hold Purchaser, its successors and assigns, harmless from any and all liabilities, claims, damages, demands, costs, fines, penalties and expenses of any kind or nature (except those items which by this Agreement specifically become the obligation of Purchaser), including, without limitation, attorneys' fees and

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expenditures for investigation and remediation (collectively "Claims"), by any other party or parties (including a governmental entity) which may be imposed upon or incurred by Purchaser, its successors or assigns arising out of or in connection with the breach of Seller's warranties under this Agreement.

## SECTION 9. TERMINATION AND REMEDIES

### 9.1 Seller's Defaults.

9.1.1. Seller's Defaults. Seller shall be deemed to be in default hereunder in the event Seller fails, for a reason other than Purchaser's default hereunder, to meet, comply with, or perform any covenant, agreement or obligation on its part required within the time limits and in the manner required in this Agreement, or there shall have occurred a breach of any representation or warranty made by Seller.

9.1.2. Purchaser's Remedies. In the event of default by Seller, Purchaser may pursue any remedy available at law or equity, including:

- (a) Enforcing specific performance of this Agreement;
- (b) Bringing suit for damages.

In addition, and without prejudice to the foregoing remedies, Purchaser may, if default occurs prior to Closing, terminate this Agreement.

9.1.3. Return of Earnest Money. Upon termination of this Agreement pursuant to **Section 9.1.2** following a Seller default, the Earnest Money shall be promptly returned to Purchaser by Seller upon receipt of written notice from Purchaser that Seller has defaulted under this Agreement.

### 9.2 Purchaser's Defaults.

9.2.1. Purchaser's Defaults. Purchaser shall be in default hereunder in the event Purchaser fails, for a reason other than Seller's default hereunder, without legal excuse to complete the purchase of the Property or to meet, comply with, or perform any covenant, agreement or obligation on its part required within the time limits and in the manner required in this Agreement, or there shall have occurred a breach of any representation or warranty made by Purchaser.

9.2.2. Seller's Remedies. In the event of default by Purchaser, Seller's sole and exclusive remedy shall be to retain the Earnest Money, it being agreed between Purchaser and Seller that such sum shall be liquidated damages for a default of Purchaser hereunder because of the difficulty, inconvenience and uncertainty of ascertaining actual damages for such default. Receipt of the Earnest Money (as paid pursuant to the Option Agreement) shall constitute a full waiver of any other remedies Seller may have under this Agreement, or at law or equity.

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## SECTION 10. MISCELLANEOUS

### 10.1 Assignment of Contract.

Purchaser may assign its rights and obligations under this Agreement. Purchaser must notify Seller of any such assignment prior to the Closing and the assignee shall for all purposes be regarded as Purchaser under this Agreement.

### 10.2 Entire Agreement; Modification.

This Agreement sets forth the entire understanding between the parties with respect to the transactions contemplated herein and supersedes all prior or contemporaneous agreements, oral or written. Neither this Agreement nor any provision hereof may be waived or amended except by an instrument in writing signed by both parties.

### 10.3 Time of Essence.

Time is of the essence of this Agreement.

### 10.4 Binding Effect.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

### 10.5 Notices.

All notices to either party must be in writing and either (i) delivered in person; (ii) by United States certified mail, postage prepaid; (iii) by courier service, postage prepaid; or (iv) by facsimile transmission with confirmed receipt and sent to the address (or facsimile number) of such party as set forth below, or such other address (or facsimile number) as either party may from time to time designate by written notice to the other.

#### **If to Purchaser:**

The Urban Renewal Agency  
for City of Canby  
182 North Holly Street  
PO Box 930  
Canby, OR 97013  
Attn: Catherine Comer

#### **If to Seller:**

Andreina T. Battilega  
301 NE Third Avenue  
Canby, OR 97013

### 10.6 Interpretation.

Words of any gender used in this Agreement shall be held and construed to include any other gender, and words of a singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

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10.7 Captions.

The captions used in this Agreement are for convenience only and shall not be deemed to construe or to limit the meaning of the language of this Agreement.

10.8 Severability.

If one or more of the provisions of this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions or any other application thereof shall in no way be affected or impaired.

10.9 Applicable Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Venue shall be in Clackamas County.

10.10 Exhibits.

The following exhibits are incorporated into and made a part of this Agreement as if set forth fully herein:

- |                  |   |
|------------------|---|
| <b>Exhibit A</b> | Legal Description of Property               |
| <b>Exhibit B</b> | Books and Records Required by Section 4.1.1 |

10.11 Attorney Fees.

If a suit, action, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code) is instituted in connection with any controversy arising out of this Agreement or to interpret or enforce any rights or obligations hereunder, the prevailing party shall be entitled to recover attorney, paralegal, accountant, and other expert fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith, as determined by the court or body at trial or on any appeal or review in addition to all other amounts provided by law. Payment of all such fees shall also apply to any administrative proceeding, trial, and/or any appeal or petition for review. Whenever this Agreement requires a party to defend the other, it is agreed that such defense shall be by legal counsel reasonably acceptable to the party being defended.

10.12 Waiver.

No waiver of any breach of any covenant or provision contained herein shall 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 shall be deemed an extension of the time of performance of any other obligation or act.

10.13 Sole Ownership.

Seller warrants that she is sole owner of the Property and has full authority to sell the Property and to enter into this Agreement.

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10.14 Relocation Assistance.

Seller acknowledges that this is a voluntary sale of her Property and this sale is not being made under the threat of condemnation. In consideration of the sale, however, Purchaser will provide Seller with certain relocation benefits in accordance with Oregon law. Seller has agreed that a lump sum payment of One Thousand Five Hundred Dollars (\$1,500) to be paid at Closing shall constitute reasonable relocation expenses. In addition to the foregoing, at or before Closing, Seller shall advise Purchaser if she wishes to remain in the Property for a period not to exceed sixty (60) days while she finds a replacement property. If Seller elects to remain in the Property, she will enter into a Stevens-Ness standard residential lease form, and she shall be allowed to remain in the Property rent free for a period of two (2) months as an additional relocation benefit. Any holdover beyond the two months will be covered by the terms of the lease.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

SELLER:

**Andreina T. Battilega**

\_\_\_\_\_

Address:

Phone:

Facsimile:

Email:

PURCHASER:

**The Urban Renewal Agency of the City of  
Canby, Oregon**

By: \_\_\_\_\_

Name: \_\_\_\_\_

As Its: \_\_\_\_\_

Address:

Phone:

Facsimile:

Email:

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**EXHIBIT A**

**LEGAL DESCRIPTION**

Section 33 Township 3S Range 1E  
Quarter DB Tax Lot 02500

Parcel Number: 00795358  
Reference Parcel: 31E33DB02500  
Mail Address: 301 NE 3rd Avenue  
Canby, Oregon 97013

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## **EXHIBIT B**

### **BOOKS AND RECORDS REQUIRED BY SECTION 4.1.2.**

Statements of all real and personal property taxes (including special assessments or other charges affecting the Property), along with notices of any proposed tax assessments with respect to the Property or any portion thereof for the two (2) most recent tax years;

Copies of any boundary or other surveys, wetland studies or delineations, architectural or structural reports, environmental site assessments, or soil studies with respect to the Property;

Copies of any notices of violation, administrative orders or any other enforcement action or lawsuit taken against the Seller and concerning the Property or improvements;

Copies of records concerning the past or present release, generation, disposal, transportation or existence of Hazardous Materials on the Property, and any environmental studies relating to the Property;

Copies of records of or information concerning any enforcement actions pursuant to federal, state and/or local environmental legislation against neighboring property owners of which Seller has knowledge; and

Any other documents or records with respect to the operation of the Property which may be reasonably requested by Purchaser.

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