

CONTRACT

THIS AGREEMENT is made and entered into this 5th day of January, 1990, by and between Gregory E. Skipper, Patrick R. Maveety, Kathleen M. Weiss, and Yvonne M. Lyles, dba Pineal Investment Group, an Oregon Partnership, all hereinafter referred to as "Pineal", and the City of Newberg, an Oregon municipality, hereinafter referred to as "City".

WITNESSETH

WHEREAS, Pineal is now and has been engaged in providing medical services is presently operating its business located at 500 Villa Road, Newberg, Oregon, and has determined that the demand for its services warrants and deserves a new facility; and

WHEREAS, the City of Newberg, desires to encourage a planned expansion in pursuit of the City's goal to stimulate activity in the community, and

WHEREAS, the City desires to loan Pineal the sum of Thirty Seven Thousand Five Hundred Dollars (\$37,500.00) upon favorable terms as hereinafter described, and Pineal agrees to use said funds for land on which to build a new building and to repay said sum to City, together with interest as set forth herein.

NOW, THEREFORE, in consideration of the foregoing promises and the agreements and covenants herein set forth, the parties agree as follows:

1. Pineal agrees to proceed with the purchase of land for its business at 1515 Portland Road, Newberg, Oregon.
2. City agrees to loan Pineal the sum of Thirty Seven Thousand Five Hundred Dollars (\$37,500.00) for the purchase of land on or before the 5th day of January, 1990, for purchase of land to be repaid upon the following terms:
 - a. With interest at the rate of seven percent (7%) per annum from January 5, 1990. The first monthly payment in the sum of Four Hundred Thirty Five Dollars and Forty One Cents (\$435.41) shall be payable on the 5th day of February, 1990 and a like payment shall be paid on the 5th day of each following month for one hundred nineteen (119) months.
 - b. While Pineal may prepay the principal sum at any time, in whole or in part, without penalty, final payment of this note shall be due on January 5, 2000.
 - c. Pineal agrees that City shall deduct a loan fee of one and one-half percent (1.5%) from the proceeds of the loan.
3. Pineal shall annually provide the City financial statements for Pineal prepared by an accountant following generally acceptable accounting standards. If requested by the City, Pineal shall also provide the City with full audited financial statements.

4. The City, through its designated representative, shall have the right, upon reasonable notice, to enter upon the business property of Pineal and inspect all property, equipment, partnership books and financial records.
5. In addition to default occasioned by failure to provide by the terms set forth in this agreement, the original promissory note, or the Deed of Trust, the loan at the option of the City shall be immediately due and payable should any of the following exist:
 - a. Pineal sells any of its assets out of the ordinary course of business without the City's consent first had and obtained.
 - b. Pineal transfers an interest in the Pineal partnership to a party not named in this contract without the written permission of the City Manager.
 - c. Pineal ceases to conduct business in the City of Newberg for more than three (3) consecutive months.
 - d. The insolvency on a balance sheet basis or business failure of Pineal and/or commencement of Pineal of a voluntary case under the federal bankruptcy laws or under other federal or state laws relating to insolvency of debtor's relief; or the entry of a decree or order for relief against Pineal in an involuntary case under the federal bankruptcy laws, or under any other applicable federal or state laws relating to solvency or debtor relief.
 - e. The City has reasonable cause to deem itself insecure.
6. Pineal shall procure and maintain policies of fire insurance and other casualty insurance with standard extended coverage endorsements on an actual cash basis covering all improvements on their building to be located at 1515 Portland Road, Newberg, Oregon, for its full insurable value with the loss payable to the City, Pineal, and other parties as their interests may appear. The policies shall be written in such form with such terms and by such insurance companies reasonably acceptable to the City. Pineal shall deliver to the City certificates of coverage demonstrating compliance with this provision.
7. Pineal shall create at least four (4) new job(s), based upon current forecast of market conditions, two (2) of which should be made available to low or moderate income persons.
8. Pineal agrees to invest at least an additional Thirty Seven Thousand Five Hundred Dollars (\$37,500.00), and to provide documentation to the City.
9. Each party represents to the other that this agreement is executed pursuant to appropriate authority.

10. If so requested, Pineal agrees to deliver the following reports to the Planning Department, City of Newberg, each six months:
 - a. Profit and Loss Statement
 - b. Balance Sheet
11. Pineal agrees to pay a late charge of \$50.00 on any payment secured by this note which is more than ten (10) days past due. Pineal also agrees to pay an additional late charge of \$50.00 for every month the payment secured by this note is past due.
12. Pineal agrees to execute and all documents to complete collateral filings, included but not limited to a trust deed on 1515 Portland Road, Newberg, Oregon, to secure this loan and promissory note. Pineal also agrees to furnish title insurance to City.
13. Pineal agrees that any request for the City to subordinate its trust deed to another party shall be evaluated according to conditions at the time of request.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first hereinabove written.

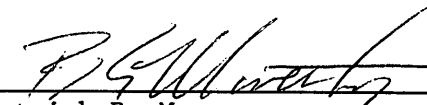
Skipper, Maveety, Weiss and Lyles
dba Pineal Investment Group



Gregory E. Skipper
As An Individual And As A Partner



Kathleen M. Weiss
As An Individual And As A Partner



Patrick R. Maveety
As An Individual And As A Partner



Yvonne M. Lyles
As An Individual And As A Partner

CITY OF NEWBERG
An Oregon Municipality

BY 

Duane Cole
City Manager