

SALE AGREEMENT AND RECEIPT FOR EARNEST MONEY

DATE: September 10, 2001

SELLER: Yamhill Education Service District
2045 SW Hwy 18, Suite 100
McMinnville, OR 97128
(503) 434-1431

BUYER: City of Newberg
414 East First Street
PO Box 970
Newberg, OR 97132
(503) 538-9421

Recital:

Seller desires to sell to Buyer and Buyer desires to purchase from Seller certain real property with all improvements located on it commonly known as 211 North Howard, Newberg, Yamhill County, Oregon (Tax Lot No. R3219AB-200), having the following legal description:

The South 50 feet of Lots 1 and 2, in Block 13 CENTRAL ADDITION, in the City of Newberg, Yamhill County, Oregon.

Agreement:

NOW, THEREFORE, for valuable consideration, the parties agree as follows:

1. Sale and Purchase. Buyer agrees to purchase the Property from Seller and Seller agrees to sell the Property to Buyer for the sum of Two Hundred Thousand Dollars (\$200,000.00).

2. Earnest Money. Seller hereby acknowledges receipt of the sum of One

Hundred dollars (\$100.00) paid by Buyer as earnest money. The earnest money shall be applied to the Purchase Price on the Closing Date, as that term is defined below.

3. Payment of Purchase Price. The Purchase Price shall be paid as follows:

3.1 At closing, the earnest money shall be credited to the Purchase Price.

3.2 At closing, Buyer shall pay the balance of the purchase price in cash.

4. Closing. Closing shall take place on or before October 1, 2001, unless the parties agree otherwise in writing, at the offices of Northwest Title, 515 East Hancock Street Newberg, Oregon 97132. Each party shall pay one-half of the escrow fee and one-half of any transfer or documentary stamp taxes.

5. Preliminary Title Report. Within 10 days after full execution of this Agreement, Seller shall furnish to Buyer a preliminary title report showing the condition of title to the Property, together with copies of all exceptions listed therein (the "Title Report"). Buyer will have 10 days from receipt of the Title Report to review the Title Report and to notify Seller, in writing, of Buyer's disapproval of any exceptions shown in the Title Report. Those exceptions not objected to by Buyer are referred to below as the "Permitted Exceptions." Zoning ordinances, building restrictions, taxes due and payable for the current tax year, and reservations in federal patents and state deeds shall be deemed Permitted Exceptions. If Buyer notifies Seller of disapproval of any exceptions, Seller shall have 15 days after receiving the disapproval notice to either remove the exceptions or provide Buyer with reasonable assurances of the manner in which the exceptions will be removed before the transaction closes. If Seller does not remove the exceptions or provide Buyer with such assurances, Buyer may terminate this Agreement by written notice to Seller given within 15 days after expiration of such 15-day period, in which event the earnest money shall be refunded to Buyer and this Agreement shall be null and void.

6. Conditions

6.1 Buyer's obligation to purchase the Property is contingent on satisfaction of each of the following:

Seller and Buyer are in receipt of a preliminary title report from Northwest Title dated July 24, 2001 (Order #65086). This preliminary

title report lists three exceptions (#2, #3 & #4) to the title that Buyer requires be removed prior to this sale being completed. Seller agrees that Buyer may terminate this agreement if these conditions are not resolved to the satisfaction of the Buyer.

7. **Deed.** On the Closing Date, Seller shall execute and deliver to Buyer a statutory warranty deed, conveying the Property to Buyer, free and clear of all liens and encumbrances except the Permitted Exceptions.

8. **Title Insurance.** Within 15 days after closing, Seller shall furnish Buyer with an ALTA owner's policy of title insurance in the amount of the purchase price, standard form, insuring Buyer as the owner of the Property subject only to the usual printed exceptions and the Permitted Exceptions.

9. **Taxes; Prorates.** Seller and Buyer agree that no taxes are due on said property because of its exempt status. If however, taxes or other fees are payable, then they shall be prorated as of the Closing Date.

10. **Possession.** Buyer shall be entitled to possession immediately upon closing.

11. **Representations** Buyer represents that it has accepted and executed this Agreement on the basis of its own examination and personal knowledge of the Property; that Seller and Seller's agents have made no representations, warranties, or other agreements concerning matters relating to the Property; that Seller and Seller's agents have made no agreement or promise to alter, repair, or improve the Property; and that Buyer takes the Property in the condition, known or unknown, existing at the time of this Agreement, "AS IS."

12. **Binding Effect/Assignment Restricted.** This Agreement is binding on and will inure to the benefit of Seller, Buyer, and their respective heirs, legal representatives, successors, and assigns. Nevertheless, Buyer will not assign its rights under this Agreement without Sellers prior written consent which consent shall not be unreasonably withheld.

13. **Attorney Fees.** If an action is instituted to enforce any term of this

Agreement, the prevailing party shall recover from the losing party reasonable attorney fees incurred in such action as set by the trial court and, in the event of appeal, as set by the appellate courts.

14. Notices. All notices and communications in connection with this Agreement shall be given in writing and shall be transmitted by certified or registered mail, return receipt requested, to the appropriate party at the address first set forth above. Any notice so transmitted shall be deemed effective on the date it is placed in the United States mail, postage prepaid. Either party may, by written notice, designate a different address for purposes of this Agreement.

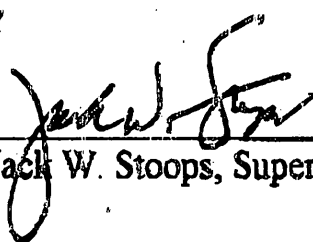
15. Entire Agreement. This Agreement sets forth the entire understanding of the parties with respect to the purchase and sale of the Property. This Agreement supersedes any and all prior negotiations, discussions, agreements, and understandings between the parties. This Agreement may not be modified or amended except by a written agreement executed by both parties.

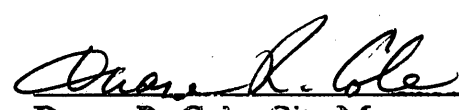
16. Applicable Law. This Agreement shall be construed, applied, and enforced in accordance with the laws of the state of Oregon.

17. Acceptance. This Agreement shall be null and void unless accepted by Seller, by Seller's execution of it, on or before October 15, 2001.

18. Statutory Warning.

THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND WHICH LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. 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 APPROVED USES AND EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.



Jack W. Stoops, SuperintendentDated: 9/12/01, 2001

Duane R. Cole, City ManagerDated: Oct. 15, 2001

Approved as to form and content:



Terrence D. Mahr, City Attorney

Toni Pearce
Escrow Assistant

FINAL

BUYER'S CLOSING STATEMENT

GF#: 01-24310

Prepared for:
CITY OF NEWBERG

414 E. First Street
Newberg, OR 97132

Prepared by:
Northwest Title Company

515 East Hancock
Newberg, OR 97132

Property:
211 N. Howard
Newberg, OR 97132

Seller : YAMHILL EDUCATION SERVICE

Closing date (MO/DY/YR) : 10/10/01

Closer : JANET L. WINDER

	<u>DEBITS</u>	<u>CREDITS</u>
Contract Sales Price	200,000.00	
Deposit or Earnest Money		100.00
Deposit to escrow		200,051.00
1/6th Aggregate Cushion Adjustments		
Settlement fee to NORTHWEST TITLE COMPANY	125.00	
Recording fees	26.00	
Funds payable at closing		.00
	<u>\$200,151.00</u>	<u>\$200,151.00</u>

Approved:

CITY OF NEWBERG

Janet Winder 10/10/01
Closing officer or Broker

NORTHWEST TITLE COMPANY
515 E. Hancock
Newberg, OR 97132
(503)538-7361 Fax (503)538-0723

ESCROW INSTRUCTIONS

ESCROW NO. 24310

PROPERTY ADDRESS: 211 N. Howard
Newberg, OR 97132

SELLER: YAMHILL EDUCATION SERVICE DISTRICT

BUYER: CITY OF NEWBERG

I/We hereby agree to and instruct Northwest Title Company, escrow agent, hereinafter called Northwest Title as to the following:

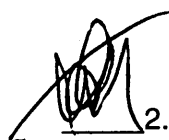
Buyers
Initials

Sellers
Initials

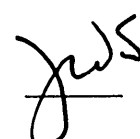

1.

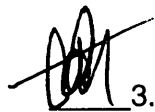
The Attached Closing Statements are made a part of these instructions as if fully set forth herein. Certain items shown on the closing statements are estimates only and the final figures may be adjusted to accommodate exact amounts required at the time of disbursement.


jws


2.

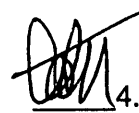
The undersigned have read and approved a title report covering real property situated in the County of Yamhill, State of Oregon, as described in Northwest Title Company's title report No. 73717 dated September 18, 2001, herein title report.


jws


3.

All terms and provisions of the earnest money agreement, amendments or addenda thereto, have been complied with to the complete satisfaction of the undersigned parties or will be complied with outside of this escrow.


jws

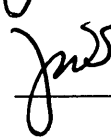

4.

In all acts in this escrow relating to fire insurance, including adjustments, if any, Northwest Title shall be fully protected in assuming that each policy is in force and that the necessary premium therefor has been paid.


jws

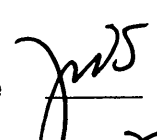

5.

It is understood that any unpaid fuel, utility charges including service, installation or connection charges for sewer, water or electricity will be adjusted between seller and buyer outside this escrow.


jws


6.

Any and all documents have been prepared by escrow at the parties' request and have been reviewed and approved as to content and form by the seller and buyer.


jws

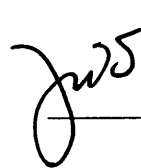

7.

Northwest Title, as escrow agent, receives certain benefits as a result of escrow deposits in our escrow account. These benefits provide banking services and accounting and computer services. On the average, these benefits amount to approximately \$30.00 per escrow. These in kind benefits, which support escrow operations and various costs associated with compliance with state escrow regulations, are utilized to offset the need for higher escrow rates. As escrow agent you are authorized to retain these benefits.


jws

NA,
8.

Current real property taxes will be due and payable by November 15th of this year. If you have not received your tax billing before that time, you will need to contact the county assessor's office to obtain your tax payment information and to avoid any delinquent charges.


jws

SELLER or agent will hand you herewith the following to effect transfer or conveyance of the above property from the seller: executed Warranty Deed

BUYER or agent will hand you herewith the following to effect transfer or conveyance of above property from seller: balance of funds due to close.

When you are in receipt of all the above, you are instructed to record the documents and disburse funds in accordance with these instructions, and in accordance with the attached closing statements as adjusted. All disbursements shall be made by your check or checks. The balance remaining to be paid to:
YAMHILL EDUCATION SERVICE

SHOULD FUNDS BE DEPOSITED IN A FORM OTHER THAN WIRE TRANSFER, PARTIES ACKNOWLEDGE THAT ESCROW AGENT WILL BE UNABLE TO RECORD, FUND AND DISBURSE UNTIL SUCH TIME AS SAID FUNDS ARE COLLECTED

If buyer is obtaining a new loan then Northwest Title Company, as escrow agent, is hereby authorized and instructed to record documents directed by the lending institution providing funds to the borrower/buyer prior to deposit of such funds into escrow. It is understood that notwithstanding the intention that documents to be sued after funds are received, that the lender may require that their document(s) be a matter of public record prior to their disbursement of funds to escrow. Northwest Title Company will not be held responsible for any delay in such disbursement of funds by the lending institution, which could cause a delay of disbursement of funds to other parties.

You are authorized and instructed to issue the specified title insurance policy or policies, in the specified amounts, to-wit:

Owner's \$ 200,000.00	Mortgagee's \$
Purchaser's \$	ALTA Mortgagee's \$

Showing title vested in: CITY OF NEWBERG

Insuring the interest of: Same as above
free and clear of encumbrances, except building and use restrictions, easements, zoning and building laws and ordinances, if any, printed conditions and exceptions contained in form of title insurance policy herein provided for, and exception No.'s 1 as disclosed on title report and none other.

You are to prorate as of the following date: Close of Escrow. Please refer to the closing statement attached hereto. The current year's taxes are based on the actual billed amount of \$-0- (tax exempt).

The expression "Close of Escrow" means the date on which instruments referred to herein are filed for record.

Miscellaneous instructions:

NONE

The principals herein agree to pay any charges, advances and expenses that are properly chargeable to them. At the close of escrow you are to mail all documents, etc. to the persons entitled thereto. You are to furnish a copy of these instructions, amendments thereto, closing statements and/or any other document deposited in this escrow to the lender or lenders and/or the real estate broker or brokers involved in this transaction upon request of such lenders or brokers. Time is declared to be the essence of these instructions. Any amendment of and/or supplement to these instructions must be in writing.

BUYER'S INITIALS: DM _____

SELLER'S INITIALS: JWS _____

Should you before or after close of escrow receive or become aware of any conflicting demands or claims with respect to this escrow or the rights of any of the parties thereto, or any money or property deposited herein or affected hereby, you shall have the right to discontinue any or all further acts on your part until such conflict is resolved to your satisfaction, and you shall have the further right to commence or defend any action or proceedings for the determination of such conflict. The parties hereto jointly and severally agree to pay all costs, damages, judgments, and expenses including reasonably attorney fees, suffered or incurred by you in connection with, or arising out of this escrow, including, but not limiting the generality of the foregoing, a suit in interpleader brought by you.

These instructions are effective until 30 days from date of closing, and thereafter, unless revoked by written demand and authorization satisfactory to you and in accordance with the laws of the State of Oregon.

These instructions may be signed in counterparts. When all counterparts have been duly executed and have been received by you, they will be deemed to comprise one single instruction.

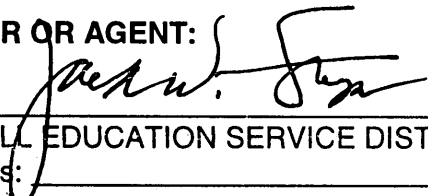
The parties herein understand and direct escrow to charge a service fee of \$8.50 per month on any funds remaining in the escrow file due to uncashed checks. Said service fee will begin six (6) months after the check has been issued.

STATUTORY ESCROW NOTICE: IT IS UNDERSTOOD BY THE PARTIES SIGNING THESE INSTRUCTIONS OR THOSE INSTRUCTIONS WHICH ARE ATTACHED HERETO THAT SUCH INSTRUCTIONS CONSTITUTE THE WHOLE AGREEMENT BETWEEN THIS FIRM AS AN ESCROW AGENT AND YOU AS A PRINCIPAL TO THE ESCROW TRANSACTION. THESE INSTRUCTIONS MAY NOT INCLUDE ALL THE TERMS OF THE AGREEMENT WHICH IS THE SUBJECT OF THIS ESCROW. READ THESE INSTRUCTIONS CAREFULLY, AND DO NOT SIGN THEM UNLESS THEY ARE ACCEPTABLE TO YOU.

ANY AND ALL AMENDED/SUPPLEMENTAL INSTRUCTIONS ARE ATTACHED AND MADE A PART HEREOF.

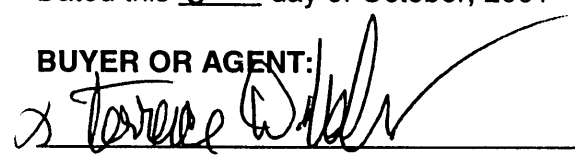
Dated this 4th day of October, 2001.

SELLER OR AGENT:

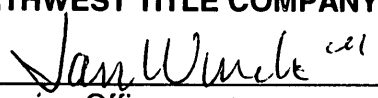

YAMHILL EDUCATION SERVICE DISTRICT
Address: _____

Dated this 8th day of October, 2001

BUYER OR AGENT:


CITY OF NEWBERG
Address: _____

We hereby acknowledge receipt of the above money, documents and instructions, this 10 day of October, 2001.
NORTHWEST TITLE COMPANY

By: 
Escrow Officer

BUYER'S CLOSING STATEMENT

GF#: 01-24310

Prepared for:
CITY OF NEWBERG

414 E. First Street
Newberg, OR 97132

Prepared by:
Northwest Title Company

515 East Hancock
Newberg, OR 97132

Property:
211 N. Howard
Newberg, OR 97132

Seller : YAMHILL EDUCATION SERVICE

Closing date (MO/DY/YR) : 10/01/01 Closer : JANET L. WINDER

	<u>DEBITS</u>	<u>CREDITS</u>
Contract Sales Price	200,000.00	
Deposit or Earnest Money		100.00
1/6th Aggregate Cushion Adjustments		
Settlement fee to NORTHWEST TITLE COMPANY	125.00	
Recording fees	26.00	
Funds payable at closing		200,051.00
	<u>\$200,151.00</u>	<u>\$200,151.00</u>

Approved: 
CITY OF NEWBERG


Closing officer or Broker



THIS SPACE RESERVED FOR RECORDER'S USE

Title Order No. 73717
Escrow No. 24310

After Recording Return to:

CITY OF NEWBERG
414 E. First Street
Newberg, OR 97132

Until a change is requested all tax statements
shall be sent to the following address:

CITY OF NEWBERG
414 E. First Street
Newberg, OR 97132

STATUTORY WARRANTY DEED

YAMHILL EDUCATION SERVICE DISTRICT, a body Corporate and Political Existing under the laws of the State of Oregon Grantor, conveys and warrants to, CITY OF NEWBERG Grantee, the following described property free of liens and encumbrances, except as specifically set forth herein:

The South 50 feet of Lots 1 and 2, in Block 13 CENTRAL ADDITION, in the City of Newberg, Yamhill County, Oregon.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

This property is free of liens and encumbrances, EXCEPT: Taxes have been reduced by reason of government owned exemption

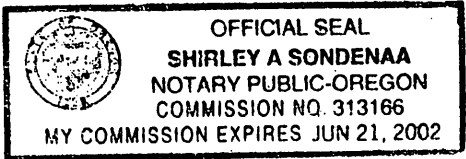
The true consideration for this conveyance is \$ 200,000.00

OCTOBER
Dated this 4th day of ~~September~~, 2001

YAMHILL EDUCATION SERVICE DISTRICT
BY:

STATE OF OREGON, COUNTY OF YAMHILL)ss.

The foregoing instrument was acknowledged before me this 4th day of October, 2001 by Jack W. Stoops as Superintendent of YAMHILL EDUCATION SERVICE DISTRICT



Notary Public for Oregon
My Commission Expires: 06-21-2002



Northwest Title Company

THIS SPACE RESERVED FOR RECORDER'S USE

Title Order No. 73717
Escrow No. 24310

After Recording Return to:

CITY OF NEWBERG
414 E. First Street
Newberg, OR 97132

Until a change is requested all tax statements
shall be sent to the following address:

CITY OF NEWBERG
414 E. First Street
Newberg, OR 97132

Read and Approved:
as to content and form:
By [Signature]

STATUTORY WARRANTY DEED

YAMHILL EDUCATION SERVICE DISTRICT, a body Corporate and Political Existing under the laws of the State of Oregon Grantor, conveys and warrants to, CITY OF NEWBERG Grantee, the following described property free of liens and encumbrances, except as specifically set forth herein:

The South 50 feet of Lots 1 and 2, in Block 13 CENTRAL ADDITION, in the City of Newberg, Yamhill County, Oregon.

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This property is free of liens and encumbrances, EXCEPT: Taxes have been reduced by reason of government owned exemption

The true consideration for this conveyance is \$ 200,000.00

Dated this _____ day of September, 2001

YAMHILL EDUCATION SERVICE DISTRICT
BY:

STATE OF OREGON, COUNTY OF YAMHILL)ss.

The foregoing instrument was acknowledged before me this _____ day of October, 2001 by _____
as _____ of YAMHILL EDUCATION SERVICE
DISTRICT

Notary Public for Oregon
My Commission Expires: _____

NORTHWEST TITLE COMPANY
515 E. Hancock
Newberg, OR 97132
(503)538-7361 Fax (503)538-0723

ESCROW INSTRUCTIONS

ESCROW NO. 24310

PROPERTY ADDRESS: 211 N. Howard
Newberg, OR 97132

SELLER: YAMHILL EDUCATION SERVICE DISTRICT

BUYER: CITY OF NEWBERG

I/We hereby agree to and instruct Northwest Title Company, escrow agent, hereinafter called Northwest Title as to the following:

Buyers
Initials

Sellers
Initials

1. The Attached Closing Statements are made a part of these instructions as if fully set forth herein. Certain items shown on the closing statements are estimates only and the final figures may be adjusted to accommodate exact amounts required at the time of disbursement.
2. The undersigned have read and approved a title report covering real property situated in the County of Yamhill, State of Oregon, as described in Northwest Title Company's title report No. 73717 dated September 18, 2001, herein title report.
3. All terms and provisions of the earnest money agreement, amendments or addenda thereto, have been complied with to the complete satisfaction of the undersigned parties or will be complied with outside of this escrow.
4. In all acts in this escrow relating to fire insurance, including adjustments, if any, Northwest Title shall be fully protected in assuming that each policy is in force and that the necessary premium therefor has been paid.
5. It is understood that any unpaid fuel, utility charges including service, installation or connection charges for sewer, water or electricity will be adjusted between seller and buyer outside this escrow.
6. Any and all documents have been prepared by escrow at the parties' request and have been reviewed and approved as to content and form by the seller and buyer.
7. Northwest Title, as escrow agent, receives certain benefits as a result of escrow deposits in our escrow account. These benefits provide banking services and accounting and computer services. On the average, these benefits amount to approximately \$30.00 per escrow. These in kind benefits, which support escrow operations and various costs associated with compliance with state escrow regulations, are utilized to offset the need for higher escrow rates. As escrow agent you are authorized to retain these benefits.
- NA, 8. Current real property taxes will be due and payable by November 15th of this year. If you have not received your tax billing before that time, you will need to contact the county assessor's office to obtain your tax payment information and to avoid any delinquent charges.

SELLER or agent will hand you herewith the following to effect transfer or conveyance of the above property from the seller: executed Warranty Deed

BUYER or agent will hand you herewith the following to effect transfer or conveyance of above property from seller: balance of funds due to close.

When you are in receipt of all the above, you are instructed to record the documents and disburse funds in accordance with these instructions, and in accordance with the attached closing statements as adjusted. All disbursements shall be made by your check or checks. The balance remaining to be paid to:
YAMHILL EDUCATION SERVICE

SHOULD FUNDS BE DEPOSITED IN A FORM OTHER THAN WIRE TRANSFER, PARTIES ACKNOWLEDGE THAT ESCROW AGENT WILL BE UNABLE TO RECORD, FUND AND DISBURSE UNTIL SUCH TIME AS SAID FUNDS ARE COLLECTED

If buyer is obtaining a new loan then Northwest Title Company, as escrow agent, is hereby authorized and instructed to record documents directed by the lending institution providing funds to the borrower/buyer prior to deposit of such funds into escrow. It is understood that notwithstanding the intention that documents to be sued after funds are received, that the lender may require that their document(s) be a matter of public record prior to their disbursement of funds to escrow. Northwest Title Company will not be held responsible for any delay in such disbursement of funds by the lending institution, which could cause a delay of disbursement of funds to other parties.

You are authorized and instructed to issue the specified title insurance policy or policies, in the specified amounts, to-wit:

Owner's \$ 200,000.00	Mortgagee's \$
Purchaser's \$	ALTA Mortgagee's \$

Showing title vested in: CITY OF NEWBERG

Insuring the interest of: Same as above
free and clear of encumbrances, except building and use restrictions, easements, zoning and building laws and ordinances, if any, printed conditions and exceptions contained in form of title insurance policy herein provided for, and exception No.'s 1 as disclosed on title report and none other.

You are to prorate as of the following date: Close of Escrow. Please refer to the closing statement attached hereto. The current year's taxes are based on the actual billed amount of \$-0- (tax exempt).

The expression "Close of Escrow" means the date on which instruments referred to herein are filed for record.

Miscellaneous instructions:

NONE

The principals herein agree to pay any charges, advances and expenses that are properly chargeable to them. At the close of escrow you are to mail all documents, etc. to the persons entitled thereto. You are to furnish a copy of these instructions, amendments thereto, closing statements and/or any other document deposited in this escrow to the lender or lenders and/or the real estate broker or brokers involved in this transaction upon request of such lenders or brokers. Time is declared to be the essence of these instructions. Any amendment of and/or supplement to these instructions must be in writing.

BUYER'S INITIALS: DM _____
SELLER'S INITIALS: JWS _____

Should you before or after close of escrow receive or become aware of any conflicting demands or claims with respect to this escrow or the rights of any of the parties thereto, or any money or property deposited herein or affected hereby, you shall have the right to discontinue any or all further acts on your part until such conflict is resolved to your satisfaction, and you shall have the further right to commence or defend any action or proceedings for the determination of such conflict. The parties hereto jointly and severally agree to pay all costs, damages, judgments, and expenses including reasonably attorney fees, suffered or incurred by you in connection with, or arising out of this escrow, including, but not limiting the generality of the foregoing, a suit in interpleader brought by you.

These instructions are effective until 30 days from date of closing, and thereafter, unless revoked by written demand and authorization satisfactory to you and in accordance with the laws of the State of Oregon.

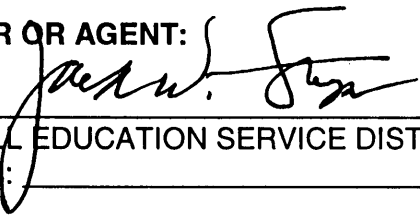
These instructions may be signed in counterparts. When all counterparts have been duly executed and have been received by you, they will be deemed to comprise one single instruction.

The parties herein understand and direct escrow to charge a service fee of \$8.50 per month on any funds remaining in the escrow file due to uncashed checks. Said service fee will begin six (6) months after the check has been issued.

STATUTORY ESCROW NOTICE: IT IS UNDERSTOOD BY THE PARTIES SIGNING THESE INSTRUCTIONS OR THOSE INSTRUCTIONS WHICH ARE ATTACHED HERETO THAT SUCH INSTRUCTIONS CONSTITUTE THE WHOLE AGREEMENT BETWEEN THIS FIRM AS AN ESCROW AGENT AND YOU AS A PRINCIPAL TO THE ESCROW TRANSACTION. THESE INSTRUCTIONS MAY NOT INCLUDE ALL THE TERMS OF THE AGREEMENT WHICH IS THE SUBJECT OF THIS ESCROW. READ THESE INSTRUCTIONS CAREFULLY, AND DO NOT SIGN THEM UNLESS THEY ARE ACCEPTABLE TO YOU.

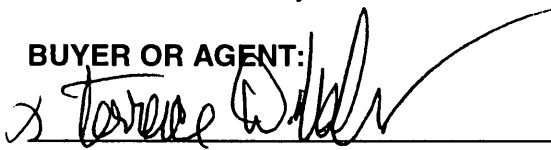
ANY AND ALL AMENDED/SUPPLEMENTAL INSTRUCTIONS ARE ATTACHED AND MADE A PART HEREOF.

Dated this 4th day of October, 2001.

SELLER OR AGENT: 

 YAMHILL EDUCATION SERVICE DISTRICT
 Address: _____

Dated this _____ day of October, 2001

BUYER OR AGENT: 

 CITY OF NEWBERG
 Address: _____

We hereby acknowledge receipt of the above money, documents and instructions, this _____ day of October, 2001.
NORTHWEST TITLE COMPANY

By: _____
 Escrow Officer

McMinnville Office
P.O. Box 1239
445 Third Street
McMinnville, OR 97128
(503) 472-4627
(503) 538-8354
FAX (503) 434-4432

Northwest Title Company

Newberg Office
P.O. Box 746
515 E. Hancock
Newberg, OR 97132
(503) 538-7361
FAX (503) 538-0723

October 4, 2001

Title No. 73717
Escrow No. 24310-Jan
ESD/City of Newberg

SUPPLEMENTAL TITLE REPORT

Northwest Title Company
515 E. Hancock Street
Newberg, Oregon 97132

Attn: Jan Winder

Ladies and Gentlemen:

We are prepared to issue an Owner's Title Insurance Policy in the amount of \$200,000.00, covering:

The South 50 feet of Lots 1 and 2, in Block 13 CENTRAL ADDITION, in the City of Newberg, Yamhill County, Oregon.

as of October 2, 2001, at 8:00 A.M., vested in:

YAMHILL EDUCATION SERVICE DISTRICT
A BODY CORPORATE AND POLITIC EXISTING UNDER THE LAWS OF THE
STATE OF OREGON;

Subject to the usual printed exceptions, and

1. The tax amount has been reduced by reason of government owned exemption. If the exempt status is terminated under the statute prior to the date on which the assessment roll becomes the tax roll in the year in which said taxes were assessed, an additional tax may be levied.

NOTE: Taxes, 2001-2002: EXEMPT. Tax Lot R3219AB-200. Acct. No. 47648.

Title No. 73717
Escrow No. 24310-Jan
ESD/City of Newberg
Page Two

NOTE: The address of the herein described property is: 211 N. Howard Street, Newberg,
Oregon 97132.

NORTHWEST TITLE COMPANY

Finis D. Carter
(503) 472-4627

FDC/db



Northwest Title Company

OFFICIAL YAMHILL COUNTY RECORDS
CHARLES STERN, COUNTY CLERK

200117891

THIS S



\$31.00

00070146200100178910020027

10/10/2001 03:05:03 PM

DMR-DDMR Cnt=1 Stn=2 ANITA

\$10.00 \$10.00 \$11.00

Title Order No. 73717
Escrow No. 24310

After Recording Return to:

CITY OF NEWBERG
414 E. First Street
Newberg, OR 97132

Until a change is requested all tax statements
shall be sent to the following address:

CITY OF NEWBERG
414 E. First Street
Newberg, OR 97132

STATUTORY WARRANTY DEED

YAMHILL EDUCATION SERVICE DISTRICT, a body Corporate and Political Existing under the
laws of the State of Oregon Grantor, conveys and warrants to, CITY OF NEWBERG Grantee, the following
described property free of liens and encumbrances, except as specifically set forth herein:

The South 50 feet of Lots 1 and 2, in Block 13 CENTRAL ADDITION, in the City of Newberg,
Yamhill County, Oregon.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION
OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT,
THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR
COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON
LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

This property is free of liens and encumbrances, EXCEPT: Taxes have been reduced by reason of government owned
exemption

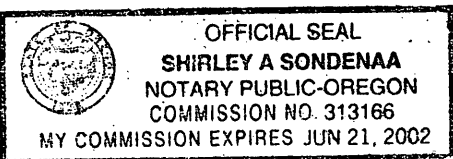
The true consideration for this conveyance is \$ 200,000.00

OCTOBER
Dated this 4th day of ~~September~~, 2001

YAMHILL EDUCATION SERVICE DISTRICT
BY:

STATE OF OREGON, COUNTY OF YAMHILL)ss.

The foregoing instrument was acknowledged before me this 4th day of October, 2001 by
Jack W. Stoops as Superintendent of YAMHILL EDUCATION SERVICE
DISTRICT



Notary Public for Oregon
My Commission Expires: 06-21-2002

NORTHWEST TITLE COMPANY



THIS SPACE RESERVED FOR RECORDER'S USE

Title Order No. 73717
Escrow No. 24310

After Recording Return to:

CITY OF NEWBERG
414 E. First Street
Newberg, OR 97132

Until a change is requested all tax statements
shall be sent to the following address:

CITY OF NEWBERG
414 E. First Street
Newberg, OR 97132

Read and Approved:
as to content and form:

By TERRANCE MAHR
CITY OF NEWBERG

STATUTORY WARRANTY DEED

YAMHILL EDUCATION SERVICE DISTRICT, a body Corporate and Political Existing under the laws of the State of Oregon Grantor, conveys and warrants to, CITY OF NEWBERG Grantee, the following described property free of liens and encumbrances, except as specifically set forth herein:

The South 50 feet of Lots 1 and 2, in Block 13 CENTRAL ADDITION, in the City of Newberg, Yamhill County, Oregon.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

This property is free of liens and encumbrances, EXCEPT: Taxes have been reduced by reason of government owned exemption

The true consideration for this conveyance is \$ 200,000.00

Dated this _____ day of September, 2001

YAMHILL EDUCATION SERVICE DISTRICT
BY: _____

STATE OF OREGON, COUNTY OF YAMHILL)ss.

The foregoing instrument was acknowledged before me this _____ day of October, 2001 by _____
as _____ of YAMHILL EDUCATION SERVICE DISTRICT

Notary Public for Oregon
My Commission Expires: _____

2/2

First American Title Insurance Company of Oregon

POLICY OF TITLE INSURANCE

This Policy Has Been Issued From The Agency Of:
NORTHWEST TITLE CO.

445 Third Street
McMinnville, Oregon 97128
(503) 472-4627

(10/17/92)
ALTA Owner's Policy

248901

POLICY OF TITLE INSURANCE



ISSUED BY

First American Title Insurance Company of Oregon

200 S.W. Market St. • Portland, Oregon 97201 • (503) 222-3651

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, FIRST AMERICAN TITLE INSURANCE COMPANY OF OREGON, a Oregon corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

Countersigned

Kelley J. Hines
Authorized Officer

Title Insurance Company of Oregon

dba FIRST AMERICAN TITLE INSURANCE COMPANY OF OREGON

BY

Charles J. O'Rourke
Don McElroy

PRESIDENT

ATTEST

SECRETARY



EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

- (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
- Defects, liens, encumbrances, adverse claims or other matters:
 - created, suffered, assumed or agreed to by the insured claimant;
 - not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - resulting in no loss or damage to the insured claimant;
 - attaching or created subsequent to Date of Policy; or
 - resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
- Any claim, which arises out of the transaction vesting in the Insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - to timely record the instrument of transfer; or
 - of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors.

(b) "insured claimant": an insured claiming loss or damage.

(c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.

(d) "land": the land described or referred to in Schedule (A), and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule (A), nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Section 1(a)(iv) of the Exclusions From Coverage, "public records" shall also include environmental protection liens filed in the records of the clerk of the United States district court for the district in which the land is located.

(g) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE AFTER CONVEYANCE OF TITLE.

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to the insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company, the insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE.

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against

by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations to the insured under this policy, other than to make the payment required, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

7. DETERMINATION, EXTENT OF LIABILITY AND COINSURANCE.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or

(ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the Amount of Insurance stated in Schedule A at the Date of Policy is less than 80 percent of the value of the insured estate or interest or the full consideration paid for the land, whichever is less, or if subsequent to the Date of Policy an improvement is erected on the land which increases the value of the insured estate or interest by at least 20 percent over the Amount of Insurance stated in Schedule A, then this Policy is subject to the following:

(i) where no subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that the Amount of Insurance at Date of Policy bears to the total value of the insured estate or interest at Date of Policy; or (ii) where a subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that 120 percent of the Amount of Insurance stated in Schedule A bears to the sum of the Amount of Insurance stated in Schedule A and the amount expended for the improvement.

The provisions of this paragraph shall not apply to costs, attorneys' fees and expenses for which the Company is liable under this policy, and shall only apply to that portion of any loss which exceeds, in the aggregate, 10 percent of the Amount of Insurance stated in Schedule A.

(c) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. APPORTIONMENT.

If the land described in Schedule (A)(C) consists of two or more parcels which are not used as a single site, and a loss is established affecting one or more of the parcels but not all, the loss shall be computed and settled on a pro rata basis as if the Amount of Insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement or by an endorsement attached to this policy.

9. LIMITATION OF LIABILITY.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable

for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto.

11. LIABILITY NONCUMULATIVE.

It is expressly understood that the Amount of Insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

12. PAYMENT OF LOSS.

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

13. SUBROGATION UPON PAYMENT OR SETTLEMENT.

(a) **The Company's Right of Subrogation.**

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant. The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to these rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(b) **The Company's Rights Against non-insured Obligors.**

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

14. ARBITRATION.

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

16. SEVERABILITY.

In the event any provision of the policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

17. NOTICES, WHERE SENT.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to it at its main office at 200 S.W. Market, Suite 250, Portland, Oregon 97201-5730, or to the office which issued this policy.

**ALTA OWNERS POLICY
(10-17-92)**

SCHEDULE A

Policy No.: 248901/73717

Amount of Insurance: \$ 200,000.00

Premium: \$ 705.00

Date of Policy: October 10, 2001, at 3:06 P.M.

I. Name of Insured:

CITY OF NEWBERG

2. The estate or interest in the land which is covered by this policy is:

fee simple;

3. Title to the estate or interest in the land is vested in:

CITY OF NEWBERG

4. The land referred to in this policy is described as follows:

The South 50 feet of Lots 1 and 2, in Block 13 CENTRAL ADDITION, in the City of Newberg, Yamhill County, Oregon.

**ALTA OWNERS POLICY
(10-17-92)**

SCHEDULE B

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorney's fees or expenses, which arise by reason of the following:

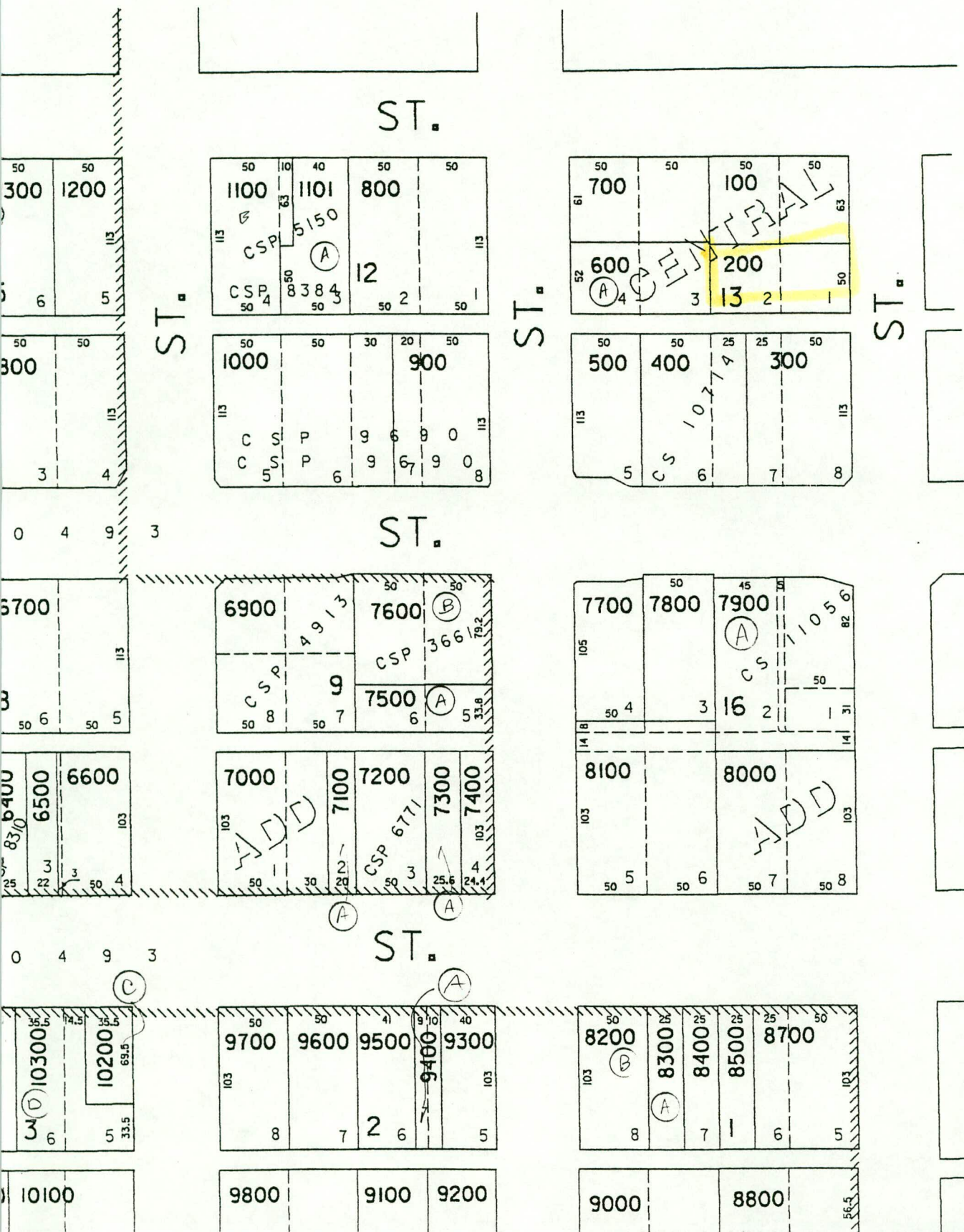
1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, encumbrances, or claims thereof, not shown by the public records, unpatented mining claims, reservations or exceptions in patents or in acts authorizing the issuance thereof, water rights, claims or title to water.
4. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
5. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose.
6. The tax amount has been reduced by reason of government owned exemption. If the exempt status is terminated under the statute prior to the date on which the assessment roll becomes the tax roll in the year in which said taxes were assessed, an additional tax may be levied.

This sketch is furnished to help you
locate the property. It is not a survey
and the company assumes no liability
for errors.

Northwest Title Company.
472-4627 538-7361



8-24-01
CANCELLED
2301
2400
4501
4590
4600
4701
4901
5200
5890
8600
9900
10500
10700
14901
15701
16501
17100
17700
17800
17900



SEE MAP 3 2 19AA

Northwest Title Company

JAN WINDER
Certified Senior Escrow Officer

(503) 538-7361 FAX (503) 538-0723
515 E. HANCOCK P.O. BOX 746 NEWBERG, OR 97132
nwttitle@viclink.com

NORTHWEST TITLE COMPANY

515 E. Hancock P.O. Box 746
Newberg, Oregon 97132
(503) 538-7361

023977

DATE

10/9/01

RECEIVED FROM

City of Newberg

THE SUM OF

Two hundred Thousand Fifty One & no/100

DOLLARS

\$ 200,051.00

FOR

SAVING 24310

AMOUNT OF ACCOUNT

\$ _____

AMOUNT PAID.....

\$ _____

BALANCE DUE.....

\$ _____

☐ CASH

☒ CHECK

☐ M.O.

☐ CREDIT CARD

Thank You!

BY

Jan L. Linder

CITY OF NEWBERG

NEWBERG, OREGON 97132

Vendor: Nations Title Co
Vendor No: 05085

Invoice Number

GF#01-24310

Date

10/08/2001

Vendor Acct No:

Description

Purch 211 N Howard

Check Date:

10/09/2001

Check Amount:

\$200,051.00

Invoice Amount

200,051.00

080584