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After Recording Return To:
Office of Community Development
Mail Stop #7

Washington County, Oregon
04/05/2013 11:14:05 AM
D-M Cnt=2 Stn=7 K GRUNEWALD
\$40.00 \$5.00 \$11.00 \$15.00 - Total = \$76.00



01819496201300302540080083

I, Richard Hobarnicht, Director of Assessment and Taxation and Ex-Officio County Clerk for Washington County, Oregon, do hereby certify that the within instrument of writing was received and recorded in the book of records of said county.

Richard Hobarnicht, Director of Assessment and Taxation, Ex-Officio County Clerk



TRUST DEED
with Assignments of Rents

"THIS TRUST DEED is made this 22nd day of August 2012, by and among City of Sherwood ("Grantor"), Washington County Counsel, ("Trustee") and Washington County, a municipal corporation of the State of Oregon currently acting by and through the Office of Community Development ("Beneficiary")."

The Grantor, in consideration of a One Hundred Seventy-nine Thousand Six Hundred dollars (\$179,600.00) Community Development Block Grant ("CDBG") award ("Award") does convey to the Trustee in trust, and any successor of the Trustee, the following real property ("Property") situated in the County of Washington, State of Oregon, and described as follows:

See attached Exhibit "A."

Together with all rents, issues, profits, and all fixtures now or hereafter attached to or used in connection with the above-described property ("Property") at the time of the execution of this Trust Deed or at any time during the term of this Trust Deed; to have and to hold the Property as so described until such time as all obligations set forth in the Promissory Note from Grantor to Beneficiary, of even date ("Promissory Note"), are extinguished and all conditions of the project agreement, dated _____, between the Grantor and Beneficiary, ("Project Agreement") as well as the conditions of this Trust Deed, are satisfied.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

This conveyance is intended to secure: (a) the obligations set forth in the Promissory Note given by Grantor to Beneficiary on _____, 2012 as well as any and all extensions, renewals, and

modifications of the Promissory Note; and (b) performance by Grantor, its successors, and assigns of the restrictions and obligations set forth in the Project Agreement.

All of Grantor's obligations under the Promissory Note and the Project Agreement will terminate on June 30, 2033 unless on that date an Event of Default has occurred and not been cured.

The Grantor covenants:

(1) Title: That Grantor is the legal owner of the property and now has a valid fee simple title thereto, and that the Grantor will warrant and defend said title against the claims and demands of all other persons.

(2) Performance: That for all times that there remains any obligations under this Trust Deed, the Promissory Note, or the Project Agreement, Grantor shall abide by, and shall timely perform, any and all covenants and conditions.

(3) Pay Liens, Taxes, and Assessments: That Grantor will, so long as this Trust Deed remains in force, keep the Property free from construction liens and will timely pay all taxes, assessments, charges, or liens that may be levied or assessed upon the Property, before any tax, assessment, or lien becomes due or delinquent and before commencement of any foreclosure or collection proceedings which may threaten the security of this Trust Deed.

(4) Maintain Property: That Grantor will keep all the improvements erected on said premises in good order and repair and will not permit or cause any waste of the property.

(5) Insurance: That Grantor will, for all times during the period there remains any indebtedness under the Note, or any other indebtedness secured by this Trust Deed, keep improvements now existing or hereafter erected on the property insured against loss or damage by fire, on an all risk form, including earthquakes, floods or flooding, in a form acceptable to Beneficiary, and with loss payable to the Beneficiary, in an amount acceptable to Beneficiary in a company or companies acceptable to the Beneficiary and for the benefit of the Beneficiary with a standard lender's loss payable clause naming County as loss payee, and will deliver all the policies and renewals to the Beneficiary. Grantor agrees that any insurance proceeds payable under a policy or policies shall be paid directly to Beneficiary. If Beneficiary, by reason of such insurance receives any money for loss or damage, such insurance proceeds shall be used for the purpose of repairing and restoring the improvements damaged by the casualty to their former condition and usability or replacement of the same with equivalent or more suitable improvements. Using such insurance proceeds, the parties shall proceed with reasonable diligence as soon as sufficient funds are available to prepare plans and specifications for, and thereafter carry out, all work necessary (a) to repair and restore the building and/or improvements on the premises damaged by the casualty to their former condition, or (b) to replace said building and/or improvements with a new building and/or improvements on the premises of a quality and usefulness for the Project described in the application submitted by Grantor for the CDBG funds and plans associated therewith, at least equivalent to, or more suitable than, the building and/or improvements which were damaged. Grantor agrees that it will comply with the requirements of the Beneficiary as to the purchase and maintenance of flood insurance, as those requirements are established by the policies and requirements of the Beneficiary. It is the Grantor's responsibility to maintain the above insurance coverage until the Note secured by this Trust Deed is satisfied. Nothing in this paragraph shall be construed to mean that Grantor's obligations under this Trust Deed shall be altered or discharged due to the existence of insurance coverage. Beneficiary does not need to await payment of, or resolution of litigation as to, insurance proceeds before seeking any other remedy.

(6) Further Encumbrance: Grantor agrees to obtain Beneficiary's written consent prior to placing or allowing any further liens or encumbrances on the Property, which consent shall not be unreasonably withheld provided that such liens or encumbrances are subordinate to this Trust Deed.

(7) Sale or Transfer: Grantor further agrees to obtain Beneficiary's written consent to sell or transfer the Property as further described below.

FAILURE TO ABIDE BY COVENANTS

A failure by the Grantor to perform the covenants and conditions in this Trust Deed, or Grantor's failure to comply with the terms and conditions of any Project Agreement, Promissory Note, or Declaration of Restrictive Covenants shall constitute a default of this Trust Deed.

RIGHTS AND REMEDIES ON DEFAULT

Upon the occurrence of any default, Trustee or Beneficiary may exercise any one or more of the following rights and remedies:

(1) Beneficiary may declare any and all obligations under the Promissory Note immediately due and payable, and this Trust Deed may be foreclosed at any time thereafter.

(2) The Trustee shall have the right to foreclose by notice and sale, and Beneficiary shall have the right to foreclose by judicial foreclosure, in either case in accordance with applicable law.

(3) Beneficiary shall have the right to take possession of the Property described above and collect the rents, issues, profits, and revenues and apply the net proceeds, over and above Beneficiary's costs, against the indebtedness secured hereby or due hereunder.

(4) Beneficiary shall have the right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, to collect the rents, issues, profits and revenues from the Property and apply the proceeds, over and above the costs of the receivership, against the obligations secured hereby or due hereunder. The receiver may serve without bond, if permitted by law. Beneficiary's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the obligation secured hereby or due hereunder by a substantial amount. Employment by Beneficiary or an assignee of Beneficiary shall not disqualify a person from serving as a receiver.

(5) In the event Grantor remains in possession of the Property after it is sold as provided above or Beneficiary otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant-at-will of Beneficiary for the purchaser of the Property and shall pay a reasonable rental for use of the Property while in Grantor's possession.

(6) Trustee and Beneficiary shall have any other right or remedy provided in this Trust Deed, the Promissory Note, the Project Agreement or any other instrument delivered by Grantor in connection with the Award or available at law, in equity or otherwise. Beneficiary's remedies in this Trust Deed are in addition to, and not in lieu of, any other remedies provided by law.

FAILURE TO DISCLOSE

The Beneficiary is authorized by the Grantor to declare, at its option, the obligations under the Promissory Note immediately due and payable upon the Beneficiary's discovery of the Grantor's failure to disclose any fact material to the making of the Award.

POLICY AGAINST TRANSFER

The Award secured by this Trust Deed is subsidized by public funds and is intended solely for the benefit of the Grantor for the specific purpose identified in the Project Agreement. It is therefore intended that no sale or transfer of any of the real or personal property securing this Trust Deed shall occur without the express written consent of the Beneficiary, which consent will not be unreasonably withheld.

DUE ON SALE OR TRANSFER

THE AWARD SECURED BY THIS TRUST DEED, OR ANY OTHER INDEBTEDNESS OR OBLIGATION SECURED BY THIS TRUST DEED, IS DUE AND PAYABLE IMMEDIATELY UPON SALE OR TRANSFER (OR ANY ATTEMPTED SALE OR TRANSFER) OF GRANTOR'S INTEREST IN THE PROPERTY WITHOUT THE EXPRESS WRITTEN CONSENT OF BENEFICIARY.

Beneficiary may permit a sale or transfer prior to actual sale or transfer, or may waive acceleration after sale or transfer only in accordance with Beneficiary's requirements pertaining to the particular program pursuant to which the Award was made available. Such waiver must be effected and evidenced by way of written agreement between Beneficiary and the proposed transferee of the Grantor.

DEFINITION OF "SALE OR TRANSFER"

As used herein, "sale or transfer" means any transfer of the Property or an interest in the Property. This includes within its meaning, any transfer by deed or assignment, any contract for the sale of the property over time, any assumption of the Award by a transferee of the Grantor, any assignment for the benefit of creditors, any option to purchase, the appointment of a receiver, a foreclosure of any nature, any gift, any corporate dissolution or any attempt to sell or transfer. The terms sale or transfer shall not include any transfer by way of an authorized subordinate encumbrance.

REVERSION OF ASSETS

As the Award secured by this Trust Deed is subsidized by public funds and in accordance with 24 CFR Ch. V §570.503, Beneficiary shall be entitled to its Proportionate Share of the Fair Market Value of the Property, as those terms are defined in the Promissory Note, upon any default under the terms of this Trust Deed, the Promissory Note, or the Project Agreement (incorporated herein by reference).

TIME OF ESSENCE

Time is of the essence of this Trust Deed.

INVALID PROVISIONS DO NOT AFFECT OTHERS

If any of the provisions contained in the Promissory Note or this Trust Deed are held invalid, illegal or unenforceable in any respect, the validity of the remaining provisions in the Promissory Note and this Trust Deed shall not be affected.

INTEREST AFTER JUDGMENT

If this Trust Deed is foreclosed, any judgment or decree will bear interest on the unpaid balance at the rate which the law permits for interest on judgments.

COMPLIANCE WITH GOVERNMENTAL REQUIREMENTS

Grantor shall promptly comply with all laws, ordinances and regulations of all governmental authorities applicable to the use or occupancy of the Property. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Beneficiary's and Trustee's interests in the Property are not jeopardized.

NOTICE

Any notice under this Trust Deed shall be given when actually delivered or two (2) days after being deposited in the United States mail as certified mail, addressed as follows:

To Beneficiary: Washington County
Office of Community Development
328 West Main St., Suite 100, MS #7
Hillsboro OR 97123-3967

To Grantor: City of Sherwood
22560 SW Pine St.
Sherwood, OR97140

or to such other address as may be specified from time-to-time by either of the parties in writing.

ATTORNEY FEES

In the event of any suit or action to foreclose this Trust Deed, the losing party agrees to pay all costs plus whatever sum the trial court may find to be reasonable as attorney fees to be allowed to the prevailing party, and in the event of any appeal, the losing party agrees to pay all costs plus whatever sum the appellate court may find to be reasonable as the prevailing party's attorney fees on the appeal.

This Trust Deed may be foreclosed by advertisement and sale in accordance with statute. In the event of such foreclosure, the Beneficiary shall be entitled to recover its reasonable expenses, Trustee's fees and attorney fees.

CONDEMNATION

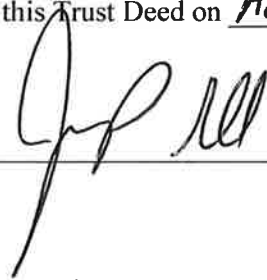
Grantor further agrees that in the event any portion or all of the property is taken under right of eminent domain or condemnation, Beneficiary shall have the right to require that the compensation be paid to Beneficiary and applied to the obligation secured by this Trust Deed.

MISCELLANEOUS

In construing this Trust Deed, it is understood that the Grantor or Beneficiary may be more than one person; that if the context so requires, the singular shall be taken to mean and include the plural, the masculine shall mean and include the feminine and the neuter; and that references to Grantor or Beneficiary include any transferee (to whatever extent permitted). This Trust Deed applies to, insures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the Grantor has executed this Trust Deed on August 22, 2012.

By: _____



SUBSCRIBED AND SWORN TO BEFORE ME this 22nd day of August, 2012, by Joseph Gall of City of Sherwood, on behalf of the Board of Directors.



Notary Public for Oregon

My Commission Expires: May 15th 2015



EXHIBIT A

A tract of land located in the Southwest One-Quarter of Section 29, Township 2 South, Range 1 West, Willamette Meridian, City of Sherwood, Washington County, Oregon being more particularly described as follows:

Beginning at the Southwest corner of Section 29 being a 3-1/4 inch aluminum cap; thence along the South line of said Section 29 South 89°25'43" East 340.49 feet to a bent 5/8 inch iron rod at the Southeast corner of Lot 14 of the plat "Gleneagle" and the True Point of Beginning; thence along the Northeasterly line of said Lot 14 and Lot 5 North 43°10'06" West 399.90 feet to a 5/8 inch iron rod; thence along the East line of Lot 5 North 01°24'28" West 89.23 feet to a point; thence along the Southwesterly lines of the tract of land described in Document Number 93073545 South 42°52'52" East 56.23 feet to a point; thence North 47°07'08" East 13.88 feet to a point; thence South 42°52'52" East 6.11 feet to a point; thence North 47°07'08" East 24.19 feet to a point from which a 5/8 inch iron rod bears North 44°13'00" West 10.92 feet; thence leaving said Southwesterly lines and along the Southwesterly line of the tract of land described in Document Number 2000044496 South 44°13'00" East 136.05 feet to a 3/4 inch iron pipe; thence South 45°47'00" West 69.69 feet to a point; thence South 43°10'06" East 125.11 feet to a point; thence North 45°47'00" East 184.62 feet to a point; thence South 44°14'23" East 111.88 feet to a point; thence North 45°45'37" East 50.00 feet to a point on the Northeasterly line of Document Number 80004057; thence along the Northeasterly line of Document Number 80004057 South 44°14'23" East 46.60 feet to a 1/2 inch iron pipe; thence continuing along Document Number 80004057 South 44°23'29" East 150.84 feet to a 1/2 inch iron pipe on the Westerly line of Document Number 2003-071273; thence along the Westerly line of Document Number 2003-071273 South 00°02'14" West 69.13 feet to a 1/2 inch iron pipe on the South line of said Section 29; thence along the South line of said Section 29 North 89°25'43" West 309.26 feet the True Point of Beginning.

REQUEST FOR FULL RECONVEYANCE

(To be used only when obligations have been paid.)

TO: _____, Trustee

The undersigned is the beneficiary of all obligations secured by the foregoing Trust Deed. All obligations secured by said Trust Deed have been fully paid and satisfied. You hereby are directed, on payment to you of any sums owing to you under the terms of said Trust Deed or pursuant to statutes, to cancel all documents evidencing obligations secured by said Trust Deed (which are delivered to you herewith together with said Trust Deed) and to reconvey without warranty, to the parties designated by the terms of said Trust Deed, the estate now held by you under the same. Mail reconveyance and documents to:

DATED this _____ day of _____, _____.

Beneficiary

(This Trust Deed and the Promissory Note that it secures must be delivered to the Trustee for cancellation before reconveyance will be made.)

Recorded Document

2013-030254

Trust Deed w/ Assignments of
Rent CDBG #4228
Reference pages

Not a part of record. For reference use only.

COPY

CDBG Project #4228 City of Sherwood Marjorie Stewart Senior Center

PROMISSORY NOTE
for Facilities (>\$25,000 AWARD)

\$179,600.00
Amount

Aug 22nd, 2012

This Promissory Note ("Note") is by and between City of Sherwood, a municipality of the State of Oregon (the "Maker") and Washington County, a political subdivision of the State of Oregon, acting by and through the Office of Community Development (the "Holder").

RECITALS

Whereas, Holder and Maker executed a project agreement dated Aug 22, 2012 ("Project Agreement"), wherein Holder awarded Maker a Community Development Block Grant ("CDBG") grant in the amount of One Hundred Seventy-nine Thousand Six Hundred dollars (\$179,600.00) ("CDBG Award") for the purposes set forth in the Project Agreement; and

Whereas, as a condition of the Project Agreement, Maker must execute a Promissory Note and Trust Deed to secure the CDBG funds; and

Whereas, under 24 CFR Ch. V §570.503 (the "Regulation"), any real property acquired with CDBG funds must be used for one of the national objectives set forth in 24 CFR ch. V §570.208 or be disposed of in a manner that results in Holder being reimbursed for the fair market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, or improvement to the Property, which requirements are set forth below.

Now therefore, Maker agrees as follows:

1. Agreement

Maker promises to pay to Holder an amount equal to the current market value of the Property less any portion of the value attributable to expenditures of non-CDBG funds (hereinafter referred to as "Proportionate Share") or (\$179,600.00), which ever is greater, upon the happening of any Event of Default herein described, in consideration of its receipt of the CDBG Award.

2. When Due

This Note is without interest and shall be canceled, and the Trust Deed securing it shall be satisfied on June 30, 2033, if no Event of Default, as defined in paragraph 3, has occurred; provided, however, that this Note is immediately due and payable upon any Event of Default. No waiver of this paragraph shall occur unless evidenced in writing.

3. Events of Default

- A. Any and all of the following will be considered to be events of default ("Events of Default"):
- (1) Any default or breach of any term or condition of this Note, the Project Agreement (referenced in the above Recitals), or the Trust Deed securing this Note (after expiration of all applicable cure periods) prior to cancellation of this Note. All terms and conditions of the Project Agreement and the Trust Deed securing this Note are incorporated herein by this reference.
 - (2) Any sale or transfer of, or attempt to sell or transfer, the Property without Holder's consent, which consent shall not be unreasonably withheld so long as the transferee is an eligible nonprofit corporation providing services similar to those provided by Maker; or
 - (3) Discovery that Maker failed to disclose any fact material to the making of the CDBG Award or that Maker made a material misrepresentation in connection with the CDBG Award.

4. Proportionate Share

- A. As set forth in Exhibit A, which is incorporated herein by this reference, Holder's Proportionate Share is 17.2%. Maker agrees that if, for any reason, Holder's entitlement to the Proportionate Share upon the happening of and Event of Default is invalidated, Holder shall be entitled to receive, or may elect to receive, the full amount of the CDBG Award (\$179,600.00) plus interest at the legal rate in effect at the time of invalidation, running from the date of any Event of Default until paid.
- B. Fair Market Value. For purposes of this Note, Fair Market Value shall be calculated, at Holder's option, as follows: In the case of a sale of the Property, the greater of the sale's price of the Property or the appraised value thereof at the time of sale as determined at Maker's expense by an appraiser reasonably satisfactory to Holder; or, in the case of a breach of any other term or condition, the appraised value of the Property as determined at Maker's expense by an appraiser reasonably satisfactory to Holder:
- (1) Less, the outstanding principal and interest of any loans secured by liens against the Property having priority over the Trust Deed securing this Note; and
 - (2) Less, the actual reasonable costs of sale (if sold), such as real estate commission, real property transfer taxes, escrow fees, recording fees and title insurance premiums.

- C. Future Capital Improvements. Subject to Sections 4.C.(1), if the Maker makes future capital improvements to the Property, Holder's Proportionate Share will be reduced in accordance with Section 4.D.
- (1) Before making any capital improvements to the Property for which the Maker intends to claim credit under this Section 4.C., the Maker must first obtain Holder's written consent to the proposed improvements, which consent Holder agrees not to unreasonably withhold. If Maker fails to first obtain Holder's consent, Holder shall have the right to waive this requirement, in its sole discretion.
- D. Proportionate Share Recalculation. The reduction in Holder's Proportionate Share will be determined by discounting the cost of the future improvement to its value in 2012 dollars and then adjusting the fraction that determines Holder's Proportionate Share, as more specifically set forth as follows:
- (1) The cost of the future capital improvement will first be determined (the "Future Cost"). The Future Cost may only include sums attributable to capital expenditures and may not include sums spent on ongoing maintenance or other noncapital expenditures such as real property taxes, legal and professional fees and the like. If the Maker pays below market cost for materials or labor used in completing a capital improvement, the fair market value, rather than the actual costs incurred, for the materials or labor, or both, as applicable, will be included in the Future Cost.
 - (2) The Future Cost will then be reduced to its value in 2012 dollars, by discounting the Future Cost by the average annual rate of increase in the Consumer Price Index between the year in which the Future Cost is incurred and 2012 (the "2012 Value Cost"). For the purposes of this Note, "Consumer Price Index" means the index published by the United States Bureau of Labor Statistics of the United States Department of Labor and entitled U.S. City Average--All Items and Major Group Figures for All Urban Consumers (CPI-U) (1982-84 = 100), or the nearest comparable data on changes in the cost of living if such index is no longer published.
 - (3) The 2012 Value Cost will then be added to the denominator of the fraction set forth in Exhibit "A," and rounded to the nearest one thousand dollars. Unless further adjusted in accordance with this Note because of additional future capital improvements, the new value of that fraction will then serve as Holder's Proportionate Share for the purposes of this Note.

CDBG Project #4228 City of Sherwood Marjorie Stewart Senior Center
Example (based on initial projected Proportionate Share): In 2020, the Maker makes a capital improvement to the Property whose Future Cost equals \$50,000.00. Between 2010 and 2020, the average annual increase in the Consumer Price Index was 10%. The 2010 Value Cost of the Future Cost would therefore equal \$19,000. The 2020 Value Cost would be added to the denominator of the fraction set forth in Exhibit "A."

5. POLICY AGAINST TRANSFER

The CDBG Award is subsidized by public funds and is intended solely for the benefit of the Maker and for the purposes set forth in the Project Agreement. The Maker understands that the CDBG Award as evidenced by the Project Agreement is not intended to be of a direct benefit to any transferee as the result of any subsequent transfer. It is, therefore, intended that no sale or transfer of any of the real or personal property securing this Note will be made without the prior written consent of Holder.

6. DUE ON SALE OR TRANSFER

UNLESS HOLDER HAS GIVEN ITS PRIOR WRITTEN CONSENT, THIS NOTE IS DUE AND PAYABLE IMMEDIATELY UPON SALE OR TRANSFER (OR ANY ATTEMPTED SALE OR TRANSFER) OF ALL OR ANY INTEREST OR INTERESTS OF WHATEVER NATURE IN, THE PROPERTY OR OTHER COLLATERAL SECURING THIS NOTE OR ANY PART THEREOF.

7. DEFINITION

As used herein, sale or transfer shall include within its meaning, any transfer by deed or assignment, any contract for the sale of the property over time, any assumption of the CDBG Award by a transferee of the Maker, any assignment for the benefit of creditors, any option to purchase, the appointment of a receiver, a foreclosure of any nature, any gift, any transfer of a general partnership interest where the Maker is a partnership, any sale or transfer of a controlling interest in stock by a corporate signatory, any corporate dissolution, or any dissolution or winding-up of partnership affairs if Maker is a partnership. Included within the above meaning is any attempt to sell or transfer. The terms sale or transfer shall not include any transfer by way of subordinate encumbrance or by way of a lease which does not contain an option to purchase.

Acceleration of the Note and all other indebtedness secured by the Trust Deed and the Project Agreement securing this Note upon any sale or transfer without the Holder's written consent is automatic, except as provided in these documents and is subject to no exceptions except as follows: Holder may, in its sole discretion, permit sale or transfer prior to actual sale or transfer, or may waive acceleration after sale or transfer only in accordance with Holder's requirements pertaining to the particular program pursuant to which the CDBG Award was made available. Such waiver must be effected and evidenced by way of written agreement between Holder and

CDBG Project #4228 City of Sherwood Marjorie Stewart Senior Center
the proposed transferee of the Maker which provides that the transferee's credit is satisfactory to Holder.

8. OPTION TO PAY CHARGES

If the Maker breaches any covenant in the Trust Deed or this Note which breach is for failure to timely and properly pay any tax, lien, assessment, charge, or insurance premium related to the Property when due, Holder shall have the option to pay the same and any payment made shall be added to the principal balance of this Note and shall be secured by the Trust Deed, and such payment shall thereby become a lien upon the Property. No payment pursuant to the preceding sentence shall be a waiver of any default.

9. INTEREST AFTER JUDGMENT

If this Note is reduced to judgment, any judgment or decree will bear interest at the rate which Oregon law permits for interest on judgments.

10. TIME OF THE ESSENCE

Time is of the essence for this Note.

11. NON-WAIVER

Failure to exercise any right Holder may have or be entitled to in the event of any Event of Default hereunder shall not constitute a waiver of such right or any other right in the event of any subsequent Event of Default.

12. GOVERNING LAW

This Note shall be governed by and construed in accordance with the laws of the State of Oregon.

13. ATTORNEY FEES

In case suit or action is instituted to collect this Note or any portion hereof, the prevailing party shall receive from the losing party in such suit or action such additional sum as the court may adjudge as reasonable attorney's fees, expenses, and costs in said suit or action, or on any appeal therefrom, including, but not limited to, those fees and expenses permitted or defined by statutory law, and including without limitation all fees and expenses incurred at trial, on appeal, on petition for review, arbitration, mediation and in bankruptcy proceedings.

14. SECURITY; NON-RECOURSE


- A. This Note is secured by the Trust Deed between the undersigned corporation as Grantor, Washington County Counsel as Trustee and Washington County as Beneficiary.
- B. This Note is without recourse and shall be canceled, and the Trust Deed securing it shall be satisfied, if none of the events accelerating immediate payment as above described occur within the applicable time periods set forth in this Note, the Trust Deed and the Project Agreement.

15. MISCELLANEOUS

In construing this Note it is understood that the references to the undersigned include singular and plural, as the case may be, and include any transferee (to the extent permitted). This Note applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The Recitals are a material part of this Agreement. The Maker hereby waives demand, protest, presentment, notice of nonpayment, notice of protest, and notice of dishonor.

Dated this 22nd day of August, 2012.

Maker: City of Sherwood
an Oregon Nonprofit Corporation

By: 
Title: City Manager

By: _____

Title: _____