

GROUND LEASE

CITY OF TIGARD, A MUNICIPAL CORPORATION OF THE STATE OF OREGON
(LANDLORD)

AND

[_____], AN OREGON LIMITED PARTNERSHIP (TENANT)

DATED: _____, 2020

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Exhibits:

- A Legal Description of the Real Property
- B Legal Description of the Premises
- C Target Dates (Design and Construction)
- D Memorandum of Lease

GROUND LEASE

This Ground Lease ("Lease") is made as of the ____ day of _____, 202_ by and between the CITY OF TIGARD, a municipal corporation of the State of Oregon, as "Landlord" and _____, as "Tenant" with reference to the following facts:

RECITALS

A. Landlord is the owner of certain land ("Real Property") and improvements located thereon with a street address of 8815 SW O'Mara Street, Tigard, Oregon, and more particularly described in Exhibit A attached hereto. The Tigard Senior Center and certain surface parking are located on a portion of the Real Property.

B. Landlord desires to facilitate the development of affordable senior housing within the City of Tigard and has determined that the Real Property can accommodate development of such housing.

C. In furtherance of this objective, Landlord issued the City of Tigard Senior Center Affordable Senior Housing Request for Information issued June 10, 2019 ("RFI"). Pursuant to the RFI, Landlord selected Northwest Housing Alternatives, the sole member of Tenant's general partner to develop and operate such senior affordable housing on a portion of the Real Property.

D. Landlord and Tenant identified the portion of the Real Property more particularly described in Exhibit B attached hereto as suitable for leasing to Tenant pursuant to the RFI.

E. Landlord is willing to enter into a long-term lease of the Premises to Tenant on the express condition that Tenant undertake construction of the certain improvements and thereafter operate the improvements and the Premises as affordable senior rental housing, on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

AGREEMENT

1. Incorporation of Recitals; Definitions; Basic Lease Terms. Each recital set forth above is incorporated into this Agreement as though fully set forth herein. All capitalized terms not otherwise defined herein shall have the meaning set forth in Section 32 hereof. This Paragraph contains the Basic Lease Terms of this Lease between Landlord and Tenant named above.

a. Premises: (Section 2)

The land described in Exhibit B and any improvements thereon existing as of the Commencement Date

b. Term: (Section 3)

Ninety-nine (99) years.

c. Rent: (Section 3)

The Rent payable by Tenant under this Lease.

2. Premises and Easements.

2.1 Lease to Tenant. In consideration of the Rent to be paid and the covenants and agreements hereinafter provided which Tenant hereby agrees to keep and perform, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises.

2.2 Title to and Condition of Premises. Tenant has had an opportunity to and has conducted a thorough investigation of the Premises and is in all material respects knowledgeable and familiar with the present condition and state of repair of the Premises. The Premises is leased to Tenant in its present condition and state of repair without representation or warranty of any kind by Landlord express or implied and subject to (a) the existing condition of title, and (b) all applicable Legal Requirements (defined below) now or hereafter in effect. Tenant hereby accepts the Premises subject to all of the foregoing and without any representation or warranty by Landlord, express or implied, and expressly without recourse to Landlord as to the physical condition or suitability of the Premises for Tenant's intended purposes.

2.3 Term. This Lease shall be for a term of ninety-nine (99) years (the "Term") commencing upon the date this Lease has been fully executed by Landlord and Tenant (the "Effective Date") and shall expire on the Expiration Date unless sooner terminated pursuant to this Lease; provided, however, that the obligation of Tenant to pay Rent shall not commence until the Commencement Date. The words "Term," "Term of this Lease" and words of similar import shall mean the Term.

2.4 Easements. Concurrently with execution of this Lease, Landlord and Tenant have entered into the [_____] (the "Easements"), which sets forth certain rights and responsibilities with respect to the driveway and certain portions of the parking, drive aisles and landscaping on the Property. The Easements, or a memorandum thereof, have been recorded in the Official Records of Washington County, Oregon. Tenant shall comply with the terms and conditions of the Easements as if they were set forth in this Lease.

3. Rent.

3.1 Rent; General Provisions. Commencing on the Commencement Date and on each anniversary of the Commencement Date thereafter during the Term of this Lease, Tenant shall pay Landlord without deduction, offset, prior notice or demand, the Rent set forth in the

remainder of this Section 3 at Landlord's address set forth in Section 33.9 of this Lease. "Rent" shall mean Base Rent, Additional Rent and any other monetary sum required to be paid by Tenant to Landlord under this Lease. Base Rent and Additional Rent for any partial month shall be prorated on a daily basis at the rate of 1/30th of the monthly installment of Base Rent or any Additional Rent then due.

3.2 Base Rent.

3.2.1 Initial Base Rent. The amount of annual Base Rent payable during Lease Term is One Dollar (\$1.00) a year. Landlord and Tenant hereby acknowledge that the Rent for the entire Term of this Lease has been prepaid as of the date hereof.

3.3 Additional Rent. All amounts which Tenant is required to pay to Landlord pursuant to this Lease (other than Base Rent) shall constitute additional rent ("Additional Rent") whether or not the same be designated as Additional Rent in this Lease. Except as otherwise expressly provided herein, Tenant shall perform all its obligations under this Lease at its sole cost and expense and shall promptly pay all Additional Rent. Tenant shall also promptly pay to all third parties any other sums required to be paid by Tenant under this Lease, when the same shall be due and payable and in all events prior to delinquency.

3.4 Absolute Net Lease. This Lease is intended to be and shall be construed as an absolute net lease pursuant to which Landlord shall not, except as otherwise expressly provided in this Lease, under any circumstances or conditions, whether presently existing or hereafter arising, or whether beyond the present contemplation of the parties, be expected or required to make any payment of any kind whatsoever or be under any other obligation or liability, except as otherwise expressly provided in this Lease, and Tenant shall make any and all payments required hereunder.

4. Taxes and Assessments.

4.1 Payment by Tenant. Tenant shall pay all Taxes directly to the applicable governmental agency prior to delinquency and shall provide proof of such payment to Landlord promptly upon request.

4.2 Definition of Taxes. "Taxes" means all real and personal property taxes and assessments (including assessments for public improvements), all license and permit fees, charges for public utilities, excise taxes, levies, sales, use and occupancy taxes, business and occupation taxes, commercial activities taxes, all gross receipts or similar taxes (i.e., taxes based upon gross income which fail to take into account deductions with respect to depreciation, interest, taxes or ordinary and necessary business expenses relating to the Premises), any tax or charge assessed against the fair market value of the Premises and any taxes levied or assessed in addition to or in lieu of, in whole or in part, such taxes, assessments or other charges and all other governmental impositions and charges of every kind and nature, general and special, ordinary and extraordinary, foreseen and unforeseen of every character (including interest and penalties thereon) which at any time during or in respect of the Term may be imposed, levied upon or assessed against or which arise with respect to or constitute a lien upon the Premises (or any part thereof), the leasehold estate created by this Lease or any part thereof, the subleasehold

estates created by any sublease of space in the Premises, or any estate, right or interest therein, or any occupancy, use or possession of or activity conducted on the Premises or any part thereof. To the extent Taxes, assessments or other charges can be paid in installments, Tenant may pay such Taxes in installments and shall only be liable for Taxes from and after the Commencement Date of this Lease. With respect to any general or special assessments which may be levied against or upon the Premises or any part thereof, or which under the Laws then in force may be evidenced by improvement or other bonds or may be paid in annual installments, only the amount of such annual installment, and interest due thereon, shall be included within the computation of Taxes. Tenant's obligation to pay such Taxes shall survive the expiration or earlier termination of this Lease.

4.3 Permitted Contests. So long as no event of default has occurred and is continuing, Tenant may, at its sole cost and expense and after prior notice to Landlord, by appropriate legal proceedings conducted in good faith and with due diligence, contest the amount, validity or application, in whole or in part of any Tax or lien therefor, if and only if:

(a) Neither the Premises, the Leasehold Improvements, nor any part thereof or interest therein is or will be in any danger of being sold, forfeited or lost;

(b) Such delay would not subject Landlord to criminal liability or fine;
and

(c) Tenant shall have furnished such security, if any, as may be required in the proceedings or as may be reasonably requested by Landlord.

Tenant shall indemnify, protect, defend and hold Landlord and the Premises harmless from any lien or liability with respect to any such Tax or contest thereof, including all costs and expense related thereto.

4.4 Personal Property Taxes. Tenant shall pay prior to delinquency all personal property taxes assessed against and levied upon Tenant's furnishings, equipment and all other of Tenant's Personal Property contained in the Premises. If possible, Tenant shall cause Tenant's furnishings, equipment and all other of Tenant's Personal Property to be assessed and billed separately from the Premises.

5. Compliance with Legal Requirements and Agreements. Tenant shall at its sole cost and expense comply with and perform all obligations with respect to (a) all applicable local, state and federal laws, ordinances and regulations, and other governmental rules, orders and determinations now or hereafter in effect, whether or not presently contemplated, applicable to the Real Property, the Premises or the Leasehold Improvements, or their ownership, operation, use or possession (collectively, "Legal Requirements"), including (without limitation) all those relating to building codes, zoning or other land use matters, the Fair Housing Act of 1968, as amended, The Americans With Disabilities Act of 1990, as amended, life safety requirements, environmental compliance with respect to the handling, treatment, storage, disposal, discharge, use and transportation of Hazardous Substances and (b) all contracts (including insurance policies, to the extent necessary to prevent cancellation and to insure full payment of all claims made under such policies), covenants, conditions and restrictions and all other documents

applicable to the Premises or any part thereof and its ownership, operation, use or possession (collectively “Agreements”), which compliance includes the making of any and all required physical alterations or structural changes to the Premises.

6. Use.

6.1 Premises to be Used Primarily for Rental Housing. Tenant shall use and operate the Premises and the Leasehold Improvements as at least fifty (50) units of senior affordable rental housing, and ancillary and supporting uses authorized under then applicable land use and zoning laws and this Lease (such as storage and parking) (the “Permitted Use”) and for no other purpose without the prior written consent of Landlord. Tenant agrees that it has determined to its satisfaction that the Premises and Leasehold Improvements can be used for the Permitted Use and waives any right to terminate this Lease if the Premises or the Leasehold Improvements cannot be used for the Permitted Use during the Term. Throughout the Term, subleasing of all dwelling units in the Project shall be subject to the following age-related and affordability restrictions: all dwelling units (except not more than two (2) any manager’s units) shall be (a) affordable to households at or below 80% of median family income as defined annually by Housing and Urban Development for the Portland-Vancouver-Hillsboro OR-WA Metropolitan Statistical Area and (b) at least 80% of the units must have at least one occupant who is 55 years of age or older. Tenant shall submit a report not less often than annually, documenting compliance with these provisions. Tenant shall submit a copy of the report submitted to OHCS not less often than annually, documenting compliance with these provisions. Landlord reserves the right to audit or cause an audit to be conducted of Tenant’s rent roll, copies of all subleases, and/or other property management records from time to time to ensure compliance with the foregoing provisions, and Tenant shall promptly cooperate with such requests. In addition to being a material term of this Lease, this Section constitutes a restrictive covenant and equitable servitude burdening the Leasehold Improvements and Tenant, and benefitting Premises and Landlord. All subleases shall be on a form of sublease which complies in all respects with applicable Legal Requirements.

6.2 Suitability. Tenant acknowledges that neither Landlord nor any agent or employee of Landlord has made any representation or warranty with respect to the Premises. Tenant further acknowledges that Landlord has not agreed to undertake any modification, alteration or improvements to the Premises or to supply any utilities or other services to the Premises. Tenant further acknowledges and agrees that its agreement to construct the Leasehold Improvements in accordance with the requirements set forth in Section 8 of this Lease in the manner and within the time periods as provided in this Lease is part of the overall consideration payable by Tenant under this Lease and the primary reason for Landlord’s willingness to enter into this Lease.

6.3 Uses Prohibited.

(a) Tenant shall not do or permit anything to be done in or about the Premises or bring or keep anything therein that will cause a cancellation of any insurance policy maintained by Landlord with respect to the portion of the Property not leased to Tenant.

(b) Tenant shall not use the Premises, or allow its employees or agents, to use the Premises for any unlawful purpose, and Tenant shall use reasonable efforts to cause its subtenants, invitees and licensees not to use the Premises for unlawful purposes. Tenant shall not cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises. Tenant shall not do or permit anything to be done on the Premises that will cause damage to the Premises.

(c) Tenant shall use reasonable efforts to prohibit the following conduct in or about the Premises:

(i) Possession or use of firearms, explosives, dangerous chemicals or other dangerous weapons or instrumentalities.

(ii) Unlawful possession, use, distribution or manufacture of alcohol or controlled substances as defined in the Federal Controlled Substances Act or the Oregon Board of Pharmacy Schedule of Controlled Substances.

(d) None of the space in the Premises used for residential housing purposes shall be leased or rented on a transient basis or for a period of less than 30 days.

(e) Tenant shall not file or record a condominium declaration against the Premises or Tenant's leasehold interest or sell or enter into an agreement to sell space in the Premises as a condominium unit or permit any part of the Premises to be converted to or operated as a cooperative whereby the tenants or occupants thereof participate in the management or control of the Premises.

7. Liens.

7.1 Covenant Against Liens. Except for Leasehold Mortgages incurred by Tenant which comply with the provisions of Sections 8 and 11 of this Lease to finance the cost of the construction of improvements on the Premises which Tenant agrees to perform pursuant to the provisions of Section 8, Tenant covenants and agrees that it shall not during the Term of this Lease suffer or permit any lien, charge, security interest or encumbrance (collectively, "Liens") to be attached to, upon or against the Premises or the Leasehold Improvements or any portion thereof or any Rent payable under this Lease for any reason, including without limitation, Liens arising out of the possession, use, construction, rehabilitation, renovation, repair, or rebuilding of the Premises or by reason of the furnishing of labor, services, materials, or equipment to the Premises, the Leasehold Improvements, or to Tenant. Tenant agrees to indemnify, protect, defend and hold Landlord harmless from and against all liabilities, losses, damages, expenses and costs (including reasonable attorneys' fees and costs) incurred in connection with any such Lien. Tenant's obligations pursuant to this Section 7.1 shall survive the expiration or earlier termination of this Lease.

7.2 Covenant to Remove Liens. Subject to Section 4.3 of this Lease, Tenant will promptly, and in all events within thirty (30) days following the attachment of same, remove and discharge any and all Liens which attach to, upon or against the Premises or the Leasehold Improvements or any portion thereof (other than liens or encumbrances arising through the actions of Landlord or Leasehold Mortgages which are liens solely on Tenant's leasehold interest

in the Premises) . Tenant reserves the right to contest the validity or amount of any such Lien in good faith provided that, within thirty (30) days after the filing of such Lien, Tenant discharges said Lien of record or records a bond which complies with the requirements of ORS 87.076 eliminating said Lien as an encumbrance against the Premises or the Leasehold Improvements. In the event Tenant shall fail to so remove any such Lien, Landlord may take such action as Landlord shall reasonably determine to remove such Lien and all costs and expenses incurred by Landlord including, without limitation, amounts paid in good faith settlement of such Lien and attorneys' fees and costs, shall be paid by Tenant as Additional Rent. Tenant's obligations pursuant to this Section 7.2 shall survive the expiration or earlier termination of this Lease.

Nothing contained in this Lease shall be construed as the consent or request of Landlord, express or implied, for the performance of any labor or services or for the furnishing of any materials or equipment for any construction, alteration, addition, rehabilitation, repair or demolition of or to all or any part of the Premises or the Leasehold Improvements. NOTICE IS HEREBY GIVEN THAT LANDLORD WILL NOT BE LIABLE FOR ANY LABOR, SERVICES, MATERIALS OR EQUIPMENT FURNISHED OR TO BE FURNISHED TO TENANT, OR ANYONE HOLDING AN INTEREST IN ALL OR ANY PART OF THE PREMISES OR THE LEASEHOLD IMPROVEMENTS THROUGH OR UNDER TENANT, AND THAT NO MECHANIC'S OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES, MATERIALS OR EQUIPMENT SHALL ATTACH TO OR AFFECT THE INTEREST OF LANDLORD IN THE PREMISES OR THE LEASEHOLD IMPROVEMENTS.

8. Leasehold Improvements. Landlord would not have entered into this Lease but for the agreement by Tenant to undertake, at Tenant's sole cost and expense, construction of certain improvements on the Premises, as more particularly described in Exhibit B attached hereto and by this reference incorporated herein ("Leasehold Improvements"). Tenant agrees to diligently design, construct and prosecute to completion the construction of the Leasehold Improvements in a good and workmanlike manner and in accordance with the Construction Drawings (defined in Exhibit B), free and clear of all Liens (other than the Leasehold Mortgages) and fully paid for and otherwise in accordance with the requirements of this Lease.

8.1 Schedule for Design and Construction. Landlord and Tenant acknowledge and agree that the dates set forth in Exhibit C attached hereto and by this reference incorporated herein shall serve as target dates for achieving the matters set forth therein. Landlord and Tenant shall each proceed with all necessary due diligence and in good faith to complete such matters as require action or approval on the part of Landlord and Tenant. Landlord and Tenant agree to promptly and diligently respond to all questions and concerns raised by architects, contractors, engineers and other consultants in order to ensure to the greatest extent practicable that the Leasehold Improvements are designed, constructed and completed on or before the dates set forth in Exhibit C hereto.

8.2 Permits; Compliance with Legal Requirements. Tenant shall secure at its sole cost and expense all building permits and other permits, licenses, permissions, consents and approvals required to be obtained from governmental agencies or third parties in connection with construction of the Leasehold Improvements as required by applicable laws, ordinances or regulations and all Legal Requirements. Tenant shall cause all work on the Premises during the Term to be performed in accordance with all applicable laws and all directions and regulations of

all governmental agencies and the representatives of such agencies having jurisdiction over the Leasehold Improvements and/or the Premises.

8.3 Construction Contracts. Tenant intends to negotiate and thereafter enter into a General Construction Contract for construction of the Leasehold Improvements with the General Contractor on or before the date set forth in Exhibit C. Tenant shall provide Landlord with a copy of the General Construction Contract. The Construction Drawings and the General Construction Contract for construction of the Leasehold Improvements shall hereinafter be referred to as the “Contract Documents”. Except as otherwise waived in writing by the Landlord, the General Construction Contract shall contain a provision for a payment bond issued by a surety reasonably acceptable to Landlord pursuant to which Landlord shall be named as an obligee pursuant to a rider or riders reasonably acceptable to Landlord or other such security for performance under the General Construction Contract such as letter of credit.

8.4 Construction of Leasehold Improvements. Tenant shall cause the General Contractor to promptly commence and diligently and continuously prosecute the construction of the Leasehold Improvements in a good and workmanlike manner and in accordance with the Contract Documents and the requirements of this Lease. The Leasehold Improvements shall be constructed in accordance with all Legal Requirements and Agreements applicable to the Leasehold Improvements and/or the Premises.

8.5 Substantial Completion of Leasehold Improvements. The Leasehold Improvements shall be Substantially Complete when the following events have occurred:

(a) Architect’s Certification. The Architect shall have issued its “Certificate of Substantial Completion AIA Document G704,” stating that the construction of the Leasehold Improvements is substantially completed in strict accordance with the Construction Documents.

(b) Certificate of Occupancy. The City of Tigard shall have issued a temporary certificate of occupancy permitting the use and occupancy of the Premises and Leasehold Improvements for residential housing purposes.

(c) Tenant Acceptance. The Tenant shall have accepted the Leasehold Improvements as complete subject to completion of normal punchlist items.

8.6 Final Completion. The Leasehold Improvements shall have achieved final completion when the following events have occurred:

(a) Certificate of Occupancy. The City of Tigard shall have issued a final unconditional certificate of occupancy permitting the use and occupancy of the Premises and Leasehold Improvements for residential housing purposes.

(b) Contractor’s Certification. The General Contractor shall have issued its “Certificate of Substantial Completion,” together with its Affidavit of Payment of Debts and Claims, AIA Forms 706 and 706A together with final waivers and releases of lien in form satisfactory to Landlord from such materialmen, laborers, contractors and subcontractors as Landlord may require.

(c) Punchlist Items Completed. All punchlist items have been completed to the satisfaction of Tenant.

(d) Reserved.

(e) No Construction Liens. The period for filing construction liens has expired or releases or discharges of construction liens in form and substance satisfactory to Landlord and Tenant have been obtained by the Contractor in accordance with the articles and conditions of the Contract Documents for the Leasehold Improvements.

8.7 As-Built Plans and Specifications. Upon completion of the Leasehold Improvements Tenant shall provide Landlord with a complete and detailed set of “as-built” plans and specifications for the Leasehold Improvements.

8.8 Inspection by Landlord. Landlord reserves the right to inspect the on-going construction of the Leasehold Improvements upon reasonable prior written notice to Tenant. Tenant shall provide Landlord’s Construction Representative with periodic updates of the status of the construction of the Leasehold Improvements.

8.9 Protection of Persons and Property; Impact on Adjacent Property. Tenant shall be responsible for initiating, maintaining and providing supervision of safety precautions and programs in connection with the construction of the Leasehold Improvements. Tenant shall take reasonable precautions for safety of, and shall provide reasonable protection to prevent damage, injury or loss to: (a) all Persons working on the construction site and all other Persons who may be affected thereby; (b) the Premises, the Leasehold Improvements, and materials and equipment to be incorporated therein; and (c) other property at or adjacent to the Premises. Tenant shall give notices and comply with all applicable laws, ordinances, rules, regulations and orders of public authorities bearing on the safety of persons and property and their protection from damage, injury or loss. Tenant shall be liable for all damage or loss to the Project except to the extent caused by the negligent actions of Landlord, its agent or employees. In connection with constructing the Leasehold Improvements, Tenant shall use all commercially reasonable efforts to avoid adverse impacts to owners and occupants of adjacent and nearby properties, including but not limited to impacts caused by noise, dust, onsite and offsite parking, and vibration.

8.10 Disclaimer of Liability by Landlord. Approval by Landlord of any plans, drawings, permits, or the like shall not constitute any representation or warranty by Landlord that such plans comply with all Legal Requirements, and Landlord assumes no liability with respect thereto. Notwithstanding any provision of this Lease to the contrary, Landlord is under no obligation or duty to, nor shall it design, supervise design, construct or supervise the construction of the Leasehold Improvements. Landlord’s approval of any plans, drawing, permits, or the like as provided in this Lease is for the sole purpose of protecting its rights as the owner of a reversionary interest in the Premises and shall not constitute any representation or warranty, express or implied, as to the adequacy of the design, or any obligation on Landlord to insure that work or materials are in compliance with the Construction Drawings, the Construction Documents or any building requirements imposed by any governmental agency. Landlord is under no obligation or duty and disclaims all responsibility to pay for the cost of construction of

the Leasehold Improvements, the cost of which is and shall at all times remain the sole liability and responsibility of Tenant.

8.11 Leasehold Improvements Not to be Removed From Premises. All Leasehold Improvements constructed by Tenant pursuant to the provisions of this Lease shall not be removed by Tenant and shall be surrendered by Tenant as part of the Premises upon expiration or earlier termination of this Lease; provided, however, that furniture, appliances or furnishings included as part of the original Leasehold Improvements may be removed by Tenant in the normal course of its maintenance and repair activities so long as, in the case of appliances, they are replaced with comparable items of comparable quality and value.

8.12 Ownership of Leasehold Improvements. Landlord acknowledges and agrees that from the Effective Date until the Term expires, the Leasehold Improvements, including all additions, alterations and improvements thereto or replacements thereof and all appurtenances thereto, fixtures, machinery and equipment installed on the Premises shall be owned solely by Tenant. During the Term and for the tax year during which the Term begins, and until the expiration of the Term, Tenant shall be entitled to any and all tax attributes of ownership of the Leasehold Improvements, including, without limitation, the right to claim depreciation or cost recovery deductions, the right to claim the low-income housing tax credit described in Section 42 of the Internal Revenue Code of 1986, as amended, and the right to amortize all capital costs and to claim any and all other federal or state tax benefits attributable to the Leasehold Improvements. Upon the expiration or sooner termination of the Lease, unless otherwise directed by Landlord pursuant to Section 9.2(a), ownership of the Leasehold Improvements shall automatically vest in Landlord.

9. Maintenance and Modifications.

9.1 Maintenance and Repairs. Tenant at its sole cost and expense shall maintain the Premises and appurtenances and the Leasehold Improvements and every part thereof in good order, condition and repair and in compliance with all Legal Requirements and will take all action and will perform all interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary, maintenance and repairs (including, without limitation, all necessary replacements, renewals, alterations, additions and any other work required following destruction or Condemnation of the Premises and/or Leasehold Improvements to the extent required under this Lease or as a condition of the continued use of the Premises or the Leasehold Improvements or any work required by any order of any court or governmental agency) required to keep all parts of the Premises and Leasehold Improvements in good repair and condition and in compliance with all Legal Requirements. Landlord shall not be required to maintain, repair or rebuild all or any part of the Premises and Leasehold Improvements and shall have no obligation to maintain all or any part of the Premises or Leasehold Improvements. Tenant expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Premises or Leasehold Improvements in good order, condition and repair. All maintenance and repairs made by Tenant pursuant to this Section 9 shall be performed in compliance with Section 9.2 below. Landlord, at its option, may make periodic inspections of the Premises upon reasonable prior notice to Tenant

(and, if applicable, any occupants of the Leasehold Improvements) for the purpose of determining Tenant's satisfaction of its obligations under this Section.

In the event Tenant fails to maintain the Premises and Leasehold Improvements in good order, condition and repair, Landlord shall give Tenant notice to do such acts as are reasonably required to so maintain the Premises and/or Leasehold Improvements. In the event of any damage or destruction to the Premises or Leasehold Improvements, Tenant shall promptly evaluate such damage or destruction and commence repair or restoration of the Premises and Leasehold Improvements within the time frame and on the terms and conditions set forth in Sections 18 and 19 of this Lease, and shall thereafter diligently prosecute such repair and restoration to completion. In the event Tenant fails to promptly and diligently commence such work and diligently prosecute it to completion, then Landlord shall have the right to do such acts and expend such funds at the expense of Tenant as are reasonably required to perform such work. Any amount so expended by Landlord shall be paid by Tenant promptly after demand as Additional Rent with interest at twelve percent (12%) per annum from the date of such work until paid. Landlord shall have no liability to Tenant for any damage, inconvenience or interference with the use of the Premises or the Leasehold Improvements by Tenant as a result of performing any such work. Nothing in this Lease shall imply any duty or obligation upon the part of Landlord to do any such work or to make any such alterations and repairs and the performance thereof by Landlord shall not constitute a waiver of Tenant's default in failing to perform the same.

9.2 Modifications, Alterations and Additions.

(a) After completion of the Leasehold Improvements to be constructed pursuant to this Lease, Tenant may, thereafter, without Landlord's prior written consent, make modifications, alterations, additions or improvements to the Premises or Leasehold Improvements consistent with all Legal Requirements and all Agreements, provided they do not decrease the value of the Premises in whole or in part and do not decrease the number of dwelling units in the Leasehold Improvements. Except as otherwise allowed hereunder, Tenant shall not make any other modifications, alterations, additions or improvements to the Premises, the Leasehold Improvements, or any part thereof (other than construction of the Leasehold Improvements in accordance with the provisions of this Lease) without first obtaining the prior written consent of Landlord which consent shall not be unreasonably withheld, conditioned or delayed. As a condition to giving such consent, Landlord may require Tenant to remove any such modification, alteration, improvement or addition at the expiration of the Lease Term and to restore the Premises to their prior condition. All such modifications, alterations, additions and/or improvements shall be constructed in accordance with plans and specifications approved by Landlord, which approval shall not be unreasonably withheld.

(b) Before commencing any work relative to the modifications, alterations, improvements or additions affecting the Premises or Leasehold Improvements, Tenant shall notify Landlord in writing of the expected date of commencement thereof. Landlord shall then have the right at any time and from time to time to post and maintain on the Premises or Leasehold Improvements such notices as Landlord reasonably deems necessary to protect the Premises and Landlord from construction or other liens. Any such modification, alteration, improvement or addition shall not decrease the value of the Premises, shall be

expeditiously completed in a good and workmanlike manner and in compliance with all applicable Legal Requirements and Agreements and the requirements of all insurance policies applicable to the Premises. Tenant shall pay, when due, all claims for labor, materials, supplies or equipment furnished to or for Tenant at or for use in the Premises or the Leasehold Improvements. Tenant shall not permit any construction liens to be levied against the Premises or Leasehold Improvements for any labor, materials, supplies or equipment furnished to Tenant or claimed to have been furnished to Tenant or to Tenant's agents or contractors in connection with the work and any such liens shall be removed as required under Section 7 of this Lease.

(c) All such modifications, alterations, additions or improvements to the Premises or Leasehold Improvements shall remain upon and be surrendered with the Premises except as may be specified by Landlord pursuant to Section 9.2(a) above.

10. Utilities. Except for utilities billed directly to subtenants of the Premises, Tenant shall be solely responsible for and shall pay separately for all charges for Utilities used or consumed in or on the Premises or the Leasehold Improvements. Tenant shall make any necessary arrangements to have all such services or Utilities billed directly to and paid for directly by Tenant.

11. Tenant Financing of Leasehold Improvements.

11.1 Leasehold Mortgages. Tenant shall not have the right to mortgage, pledge, encumber or assign its leasehold interest under this Lease in whole or in part except to a Lending Institution as hereafter defined in connection with one or more loans which in the aggregate satisfy each of the following requirements:

(a) Prior to Final Completion of the Leasehold Improvements, all loan proceeds (less customary and reasonable costs incurred in closing the loan such as loan commitment fees, cost of appraisal, environmental assessment of the Premises, recording, filing, escrow and title policy fees) shall be disbursed to Tenant and used solely to pay expenses of Tenant incurred in the course of performing Tenant's obligations under this Lease to construct the Leasehold Improvements for the Permitted Use in accordance with the terms and conditions of this Lease;

(b) The loan proceeds shall be used solely to pay for costs associated with the construction of the Project or to pay expenses of Tenant incurred in the course of Tenant's Permitted Use. The Loan proceeds shall not be used for any other property or project. Tenant shall not encumber its interest the Premises as security for a loan in which the Premises is jointly secured with or cross-defaulted with any real property other than the Premises.

(c) "Lending Institution" shall mean a state or national bank, insurance company, pension fund, major financial lending institution or other entity generally recognized as a source of mortgage financing; any governmental entity provided secured financing for the Leasehold Improvements; Northwest Housing Alternatives; or any other lender reasonably acceptable to Landlord providing secured financing for the Leasehold Improvements.

Any loan and mortgage or trust deed complying with the foregoing requirements is hereinafter referred to as a "Leasehold Mortgage." Any such Leasehold Mortgage shall be

subject and subordinate to the rights of Landlord hereunder in accordance with all of the terms and conditions of this Lease.

Tenant shall notify Landlord of the existence and identity of any Leasehold Mortgage and shall provide Landlord with a copy of all documents evidencing and/or securing the Leasehold Mortgage and the promissory note and construction loan or other loan agreement secured thereby. No holder of a Leasehold Mortgage ("Leasehold Mortgagee") shall have the rights or benefits provided in this Section 11, nor shall the provisions of Section 11 be binding upon Landlord, unless and until the name and address of the Leasehold Mortgagee shall have been delivered in writing to Landlord, which notice shall be joined in or confirmed in writing by Tenant, together with (i) a certification from Tenant stating that all loan proceeds will be distributed only as provided in clause (a) above; (ii) the Tenant's certification that the loan documents will comply with clause (a), **Error! Reference source not found.** and (b) of Section 11.1 above. If a Leasehold Mortgage is assigned or there is a change of address of a Leasehold Mortgagee or assignee, notice of the new name and address shall be provided to Landlord. The Leasehold Mortgage shall expressly provide that the lien of such Leasehold Mortgage and all other security instruments executed in connection therewith, shall be and all times remain subject and subordinate to Landlord's interest under this Lease.

11.2 Protection of Leasehold Mortgagees. If Tenant shall mortgage its leasehold interest under this Lease in a financing transaction which meets the requirements of Section 11.1 of this Lease, then so long as such Leasehold Mortgage remains in full force and effect the following provisions shall apply:

(a) Notice of Default. Landlord upon serving Tenant any notice of default pursuant to the provisions of this Lease shall also serve a copy of such notice upon Leasehold Mortgagee at the address provided to Landlord. No notice to Tenant under this Lease shall be deemed to have been duly given unless and until a copy thereof has been delivered to such Leasehold Mortgagee in accordance with this Lease. If Landlord then or thereafter intends to terminate this Lease as a result of such default, the notice to the Leasehold Mortgagee shall explicitly so state. From and after the date such notice has been given to Leasehold Mortgagee, such Leasehold Mortgagee shall have the same period, after the giving of such notice upon it, for remedying any default or acts or omissions which are the subject matter of such notice, or causing the same to be remedied, as is given Tenant after the giving of such notice to Tenant under this Lease, plus in each instance the additional periods of time specified in subsections (b) and (c) of the Section 11.2 to remedy, commence remedying or cause to be remedied, the defaults or acts or omissions which are specified in such notice.

(b) Right To Cure. Leasehold Mortgagee shall have the right to remedy such default, as set forth below, and Landlord shall accept such performance by or at the instance of Leasehold Mortgagee as if the same had been made by Tenant; provided that Landlord shall not have the right to terminate this Lease as a result of any non-monetary default which by its nature is not susceptible of being cured by Leasehold Mortgagee such as a bankruptcy of Tenant. If the default arises from a Lien or encumbrances prohibited by this Lease, Landlord will not terminate this Lease for such default so long as within thirty (30) days Leasehold Mortgagee either complies with the requirements or Section 7.2 with respect to such Lien or has commenced foreclosure proceedings or legal proceedings to foreclose, terminate,

remove, quash or stay the enforcement of such encumbrance and thereafter diligently and in good faith continuously prosecutes such cure to completion.

(c) Extended Cure Period. If the default is reasonably susceptible of cure by Leasehold Mortgagee, but cannot reasonably be remedied within thirty (30) days, Landlord shall not terminate this Lease so long as (i) the Leasehold Mortgagee cures all defaults in the payment of money under this Lease, within thirty (30) days and thereafter pays all Rent and all other items required to be paid by Tenant under this Lease, as and when the same becomes due and payable, and (ii) the Leasehold Mortgagee has commenced to cure any non-monetary default under this Lease, within thirty (30) days and thereafter diligently and in good faith continuously prosecutes such cure to completion. Such cure period shall include any time required to obtain possession of the Premises by foreclosure of the Leasehold Mortgage or by other appropriate means by reasonable diligence, or until such earlier time as all defaults of Tenant are cured. Nothing in this clause (c), however, shall be construed to extend this Lease beyond the Term, nor to require a Leasehold Mortgagee to continue such foreclosure proceedings after all defaults are cured. Once all defaults are cured, this Lease shall continue in full force and effect as if Tenant had not defaulted.

(d) New Lease. In the event of the termination of this Lease prior to the expiration of the Term, Landlord shall deliver to the Leasehold Mortgagee written notice that the Lease has been terminated together with a statement of any and all sums which would at the time be due under this Lease but for such termination and of all other defaults, if any, under this Lease, then known to Landlord. Leasehold Mortgagee shall thereupon have the option to obtain a new lease and/or use agreement in accordance with and upon compliance with each of the following terms and conditions:

(i) Leasehold Mortgagee shall within sixty (60) days following service of notice of termination of this Lease, provide written notice to Landlord that it desires to enter into a new lease of the Premises; and

(ii) Landlord shall enter into a new lease, which shall be effective as of the date of the termination of this Lease, and shall be for the remainder of the Term of this Lease, and at the Rent and upon all other terms, covenants and conditions as this Lease (excluding requirements which are inapplicable or have already been fulfilled); and

(iii) Upon execution of such new lease, the Leasehold Mortgagee shall pay any and all sums which would at the time of the execution thereof be due under this Lease but for such termination less any amounts previously received by Landlord with respect to such default and perform all other then unfulfilled obligations of Tenant, which are reasonably susceptible of being performed by Leasehold Mortgagee or its assignee. In any event, such obligations shall include construction of the Leasehold Improvements if this Lease terminated prior to Final Completion of the Leasehold Improvements. The amount paid by the Leasehold Mortgagee hereunder shall be net of amounts already received by Landlord in connection with such default, or received by Landlord in connection with the Premises between the date of termination and the date the new Lease is executed; and

(iv) Leasehold Mortgagee shall pay all expenses, including reasonable attorneys' fees and costs incurred by Landlord in connection with such default and termination, the recovery of possession of the Premises and the preparation, execution and delivery of such new Lease, and

(v) Nothing contained herein shall be deemed to obligate Landlord to deliver actual physical possession of the Premises to the tenant under any new lease entered into pursuant to subsection (d) of this Section 11.2.

(e) Notices. Any notice or other communication which Landlord shall desire or is required to give or serve upon Leasehold Mortgagee shall be in writing and shall be served by certified mail, return receipt requested, addressed to Leasehold Mortgagee at the notice address set forth in such Leasehold Mortgage, provided a copy of the Leasehold Mortgage has been provided to Landlord at the address set forth in Section 33 of this Lease, or such other address as shall be designated by Leasehold Mortgagee by notice in writing given to Landlord by certified mail, return receipt requested. Any notice or other communication which such Leasehold Mortgagee shall desire or is required to give or serve upon Landlord shall be in writing and shall be served by certified mail, return receipt requested, addressed to Landlord at the address set forth in Section 33 of this Lease or such other address as shall be designated by Landlord by notice in writing given to Leasehold Mortgagee by certified mail, return receipt requested.

(f) Amendments. No agreement between Landlord and Tenant modifying, canceling or surrendering this Lease shall be effective without the prior written consent of the Leasehold Mortgagee.

(g) Insurance Clauses. A standard mortgagee clause naming each Leasehold Mortgagee may be added to any and all insurance policies required to be carried by Tenant hereunder and the Leasehold Mortgage shall so provide.

(h) Leasehold Mortgage Not a Transfer. For the purposes of this Section 11.2, the making of a Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Lease or the leasehold estate created hereby, nor shall any Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of the Tenant's interest under this Lease or of the leasehold estate created hereby so as to require such Leasehold Mortgagee as such to assume the performance of any of the terms, covenants or conditions on the part of the Tenant to be performed prior to foreclosure of the Leasehold Mortgage; provided, however, that upon foreclosure of the Leasehold Mortgage, the Leasehold Mortgagee or any purchaser at any sale of the Tenant's rights under this Lease in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignee or transferee of the Tenant's rights under this Lease created under any instrument of assignment or transfer in lieu of foreclosure of any Leasehold Mortgage, shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of the Tenant to be performed hereunder from and after the date of such purchase and assignment including any obligation to complete construction of the Leasehold Improvements, and the Leasehold Mortgage shall so provide.

(i) Leasehold Mortgagee's Right to Assign. Notwithstanding any provision of this Lease to the contrary, any Leasehold Mortgagee may upon acquiring the Tenant's interest under this Lease pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings may, upon acquiring the Tenant's interest under this Lease, or a new lease as provided above, and without further consent of Landlord, sell and assign such leasehold interest on such terms and to such persons and organizations as are acceptable to such Leasehold Mortgagee and thereafter be relieved of all obligations under this Lease which accrue after the date of such sale or assignment so long as each of the following conditions are met:

(i) There is no default on the part of Leasehold Mortgagee under this Lease and no event that with the giving of notice, the passage of time, or both, would constitute an event of default by Leasehold Mortgagee under this Lease, all such defaults having been cured to the reasonable satisfaction of Landlord prior to the effective date of such assignment;

(ii) The proposed assignee is either purchasing in an all cash transaction without financing secured by a mortgage or pledge of, or Lien on, or assignment of Tenant's leasehold interest under the Lease, or has obtained financing which complies with the requirements for a Leasehold Mortgage under Section 11.1. In any case where Final Completion of the Leasehold Improvements has not occurred, Landlord may also require evidence of financial capacity and/or resources to complete construction of the Leasehold Improvements in accordance with the requirements of this Lease;

(iii) If such assignee will not itself manage the Leasehold Improvements, its proposed property manager shall be a professional building management firm with regular offices located in the Portland, Oregon, metropolitan area, with sufficient experienced and competent personnel to operate, manage, maintain and repair the Leasehold Improvements in accordance with the requirements of this Lease. The determination of whether such personnel are adequately competent and experienced shall be made on the basis of experience in managing like facilities, and demonstrated success and reputation in doing so;

(iv) As part of such assignment the assignee shall assume the obligations of Tenant under this Lease, by executing, acknowledging and recording an assumption agreement in form and substance reasonably satisfactory to Landlord. The assignee shall thereafter have all the rights and shall perform all the duties and obligations of Tenant under this Lease; and

(v) Any such sale or assignment shall not release Leasehold Mortgagee from any claims or obligations under this Lease, which arose while Leasehold Mortgagee or any of its affiliates held the Tenant's interest under this Lease or was in possession of the Premises; and

(vi) Any subsequent Transfer by such assignee shall be subject to the provisions of Sections 20 and 31 of this Lease.

(j) Rejection of Unexpired Lease by Tenant or Tenant's Bankruptcy Trustee. If Tenant or Tenant's Bankruptcy Trustee rejects this Lease during the Term in a

proceeding under Section 365 of the United States Bankruptcy Code or similar or successor statute, such rejection will have no effect on the rights of Leasehold Mortgagee under this Section 11, which rights will remain in full force and effect notwithstanding such rejection as if the same were provided for in a separate and independent agreement between Landlord and such Leasehold Mortgagee, and such Leasehold Mortgagee shall have the right to a new Lease on the same terms, conditions and limitations set forth in Section 11.2(d) above; provided, however, that in the event Leasehold Mortgagee desires to enter into a new lease with Landlord it shall, as a condition to such new lease and without regard to the limitation on damages set forth in the United States Bankruptcy Code, cure all defaults by Tenant under the Lease and reimburse Landlord its legal fees and costs, as a condition to such new lease. The provisions set forth in Section 11 of this Lease granting Leasehold Mortgagee certain rights are for the express benefit of such Leasehold Mortgagee for the term set forth in this Section 11 and are independent of the other provisions of this Lease.

(k) No Merger. So long as any Leasehold Mortgage is in existence, unless the Leasehold Mortgagee otherwise consents in writing, the fee title to the Premises and the leasehold estate of Tenant therein created by this Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by Landlord or by Tenant or by a third party, by purchase or otherwise. The foregoing shall not apply in the event of termination of this Lease after default by Tenant, provided that no Leasehold Mortgagee shall have requested and been granted a New Lease as provided above.

11.3 No Subordination of Lease. There shall be no subordination of this Lease to the lien of any Leasehold Mortgage. Upon any foreclosure of Tenant's leasehold interest under this Lease pursuant to a Leasehold Mortgage or a sale of the Tenant's leasehold interest under this Lease pursuant to the trustee's power of sale contained in a Leasehold Mortgage, the Leasehold Mortgagee shall assume the obligations of Tenant under this Lease by executing, acknowledging and recording assumption agreement in form and substance reasonably satisfactory to Landlord. Subject to the provisions of Section 11.2, the Leasehold Mortgagee shall thereafter have all the rights and shall perform all the duties and obligations of Tenant under the Lease.

11.4 No Fee Subordination. Landlord shall not be required to encumber its interest in the fee estate in the Premises in favor of any Leasehold Mortgagee or join in the execution of any Leasehold Mortgage. Notwithstanding the foregoing, Landlord expressly acknowledges that Tenant will be obtaining financing for the development and operation of the Leasehold Improvements from a variety of private and governmental funding sources and that such financing may require restrictive covenants or regulatory agreements (collectively, "Restrictive Covenant") to be recorded not only against Tenant's leasehold interest in the Premises, but also against Landlord's fee interest in the Premises. Subject to Landlord's prior review and written approval, which shall not be unreasonably conditioned, withheld or delayed, Landlord hereby agrees to the recording, at Tenant's sole expense, of any Restrictive Covenant as is required for the development and operation of the Leasehold Improvements including, but not limited to, covenants and regulatory agreements required by the State of Oregon, acting by and through its Housing and Community Services Department ("OHCS") and shall provide such written consents as are necessary to the recording of any Restrictive Covenant.

11.5 Rights of Investor and Notice. [] and its successors and assigns (the “Tax Credit Investor”) shall have the same notice and cure rights as any Leasehold Mortgagee, which rights shall run concurrently with those of the Leasehold Mortgagee for so long as the Tax Credit Investor is limited partner of Tenant.

11.6 Rights of OHCS. For so long as the OHCS is the beneficiary of a restrictive covenant burdening the Premises, a copy of all notices to Tenant shall also be delivered to OHCS and OHCS shall be entitled to the cure rights of a “Leasehold Mortgagee” pursuant to Section 11.2 of this Lease.

11.7 Rights of Tax Credit Investor to Cure. With respect to defaults under this Lease:

(a) If Tax Credit Investor cannot cure a default without removing the general partner of Tenant and assuming control of Tenant, Landlord will toll its exercise of remedies during the period Tax Credit Investor demonstrates that it is making diligent efforts to promptly remove the general partner of Tenant; and

(b) If Tax Credit Investor removes the general partner of Tenant, Tax Credit Investor will not have to cure prior defaults of that general partner that are not capable of being cured by Tax Credit Investor, such as the bankruptcy of such general partner.

12. Indemnification.

12.1 Indemnification by Tenant. Tenant shall defend, indemnify and hold harmless Landlord from and against any damage, loss or liability for injuries to persons or property resulting from any actual or alleged injury (including death) of any person, or from any actual or alleged loss of or damage to any property (excluding indirect or consequential damages such as lost profits), arising out of or in connection with (i) Tenant’s occupation, use or improvement of the Premises or the Leasehold Improvements, or that of its employees, agents or contractors, (ii) Tenant’s breach of any of its obligations hereunder, or (iii) any act or omission of Tenant or any subtenant, licensee, assignee or concessionaire of Tenant, or of any officer, agent, employee, guest or invitee of Tenant, or of any such entity in or about the Premises or the Leasehold Improvements, except to the extent caused by Landlord’s negligence, intentional misconduct or breach of any of its obligations hereunder. Tenant agrees that the foregoing indemnity specifically covers actions brought by its own employees. This indemnity with respect to acts or omissions during the Term shall survive termination or expiration of this Lease. The foregoing indemnity is specifically and expressly intended to, constitute a waiver of Tenant’s immunity under any applicable workers compensation statutes to the extent necessary to provide Landlord with a full and complete indemnity from claims made by Tenant and its employees, to the extent provided herein.

12.2 Indemnification by Landlord. Subject to the limits of the Oregon Tort Claims Act and the Oregon Constitution, Landlord shall defend, indemnify and hold Tenant harmless from and against any damage, loss or liability for injuries to persons or property (excluding indirect or consequential damages such as lost profits) in or on the Premises to the extent arising out of (i) the negligent acts or omissions or intentional misconduct of Landlord (or its agents, officers and employees acting within the scope of their employment) in Landlord’s

capacity as landlord during the Term, or (ii) Landlord's breach of any of its obligations hereunder.

12.3 Exculpation of Landlord from Liability. Notwithstanding any other provision of this Lease, Tenant hereby fully and completely waives and releases all claims against Landlord for any losses or other damages sustained by Tenant or any person claiming through Tenant resulting from any accident or occurrence in or upon the Premises, the Leasehold Improvements, or the Real Property, including but not limited to: any defect in or failure of the Premises or the Leasehold Improvements or building equipment; any failure to make repairs; any defect, failure, surge in or interruption of utilities or services or equipment serving to the Premises; broken glass; water leakage; the collapse of any building component; or any act, omission or negligence of co-tenants, licensees or any other persons or occupants of the Premises or the Leasehold Improvements. Notwithstanding any other provision of this Lease, and to the fullest extent permitted by law, Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom, whether such injury or loss results from conditions arising upon the Premises or from other sources or places including, without limitation, any interruption of services and utilities or any casualty, or from any cause whatsoever, including Landlord's negligence, and regardless of whether the cause of such injury or loss or the means of repairing the same is inaccessible to Landlord or Tenant. Tenant may elect, at its sole cost and expense, to obtain business interruption insurance with respect to such potential injury or loss.

13. Commercial General Liability Insurance. During the Term of this Lease Tenant shall, at its sole cost and expense obtain and keep in force throughout the Term of this Lease commercial general liability insurance with respect to the Premises (including the Leasehold Improvements made to the Premises), insuring against claims for personal injury (including, without limitation, bodily injury or death) and property damage liability with a combined single limit of not less than \$2,000,000 per occurrence, business automobile coverage (with limits of not less than \$1,000,000 per accident), and workers' compensation insurance (as required by law). Tenant shall also obtain an umbrella or excess insurance policy providing at least \$3,000,000 in additional coverage bringing total liability coverage to at least \$5,000,000 per occurrence. Landlord may increase such minimum insurance limits from time to time by written notice to Tenant, such that the amount of such insurance coverage shall not be less than commercially reasonable insurance carried by owners of properties of similar nature and occupancies as the Premises and the Leasehold Improvements. Such insurance shall be in form and with deductibles reasonably satisfactory to Landlord. Landlord shall be named as an additional insured and Tenant's policy shall be primary and non-contributory to any coverage maintained by Landlord. The limits of such insurance shall not, however, limit the liability of Tenant hereunder.

14. Coverage for Tenant's Personal Property. During the Term of this Lease, Tenant shall obtain and maintain on all of Tenant's Personal Property in, on or about the Premises, commercial property insurance policies to cover Tenant's Personal Property. Landlord shall have no obligation to insure any of Tenant's Personal Property or repair, replace or restore same when damaged or destroyed from any cause whatsoever.

15. Property Insurance. Commencing upon the construction of the Leasehold Improvements and thereafter during the Term of this Lease, Tenant shall obtain and maintain on the Premises (including all Leasehold Improvement and personal property, appliances and furnishings installed by Tenant as part of the Leasehold Improvements) (a) commercial property insurance policies and (b) boiler and machinery insurance. All policies shall carry limits in an amount equal to not less than 100% of the then full replacement cost of the Premises and Leasehold Improvements as constructed, including the full replacement cost of the Leasehold Improvements (exclusive of the cost of excavations, foundations and footings) and without deduction for physical depreciation, and such other insurance coverage as is customarily carried on comparable buildings in the Portland, Oregon metropolitan area or as Landlord may reasonably determine, with insurance companies which are authorized to do business in the State of Oregon. Such property insurance shall be in builder's risk form during initial construction of the Leasehold Improvements and during any restoration accomplished in connection with damage or destruction to the Premises or Leasehold Improvements or in connection with any Condemnation. The insurance policies shall be issued in the name of Tenant and shall provide that any proceeds be payable in accordance with this Lease. Landlord shall be named as an additional insured on all commercial property insurance policies.

16. Waiver of Subrogation. The parties agree to mutually waive all right of recovery against the other for any loss or damage to the Premises or the Leasehold Improvements covered by their respective first party commercial property insurance policies for all perils insured thereunder and in the event of any commercially insured property loss, neither party's insurance carrier shall have a subrogation claim against the other party.

17. Insurance Policies. All insurance required under this Lease shall: (i) be issued by insurance companies authorized to do business in the State of Oregon with a rating of A or better by the latest rating by A.M. Best Company (or its equivalent if such publication ceases to be published) or other company reasonably satisfactory to Landlord; (ii) be issued as a primary policy, and (iii) contain an endorsement requiring forty-five (45) days' prior written notice from the insurance company to Landlord, Tenant, and any Leasehold Mortgagee before cancellation or change in the coverage, scope, or amount of any policy. The Leasehold Mortgagee and Landlord shall be named as loss payees on all property insurance policies. Each policy or a certificate of the policy shall be delivered to the other parties on or before the date required under this Lease, and as reasonably available upon replacement or renewal of each policy.

18. Damage or Destruction.

18.1 Damage or Destruction. Tenant shall give prompt written notice to Landlord after the occurrence of any fire, earthquake, act of God or other casualty to or in connection with the Premises, the Leasehold Improvements or any portion thereof (hereinafter sometimes referred to as a "Casualty"). Subject to Section 18.2 below, if during the Term, the Premises or the Leasehold Improvements shall be damaged or destroyed by casualty, Tenant shall, subject to the terms of the Leasehold Mortgages, promptly and with all due diligence, apply for and collect all applicable insurance proceeds recoverable with respect to such casualty to fully repair or restore the Premises or the Leasehold Improvements.

18.2 Right to Terminate. In the event Tenant shall determine that it is not economically practical to restore the Premises and/or the Leasehold Improvements to substantially the same condition in which they existed prior to the occurrence of such Casualty, then, subject to the rights of the Leasehold Mortgagees, Tenant may terminate this Lease by written notice to Landlord delivered within ninety (90) days after the date of such Casualty, shall be deemed to be effective as of a date not less than thirty (30) days after the date such notice is received by Landlord.

18.3 Damage or Destruction Near the End of the Term. If, during the last ten (10) years of the Term, the Leasehold Improvements shall be damaged by casualty, then Tenant shall have the option, to be exercised in writing within ninety (90) days after such casualty.

(a) To repair or restore the Leasehold Improvements as provided in Section 18.1; or

(b) Subject to the rights of Leasehold Mortgagees, to terminate this Lease by notice to Landlord.

18.4 Surrender of Premises and Leasehold Improvements. If Tenant terminates this Lease pursuant to this Section 18, Tenant shall surrender possession of the Premises and the Leasehold Improvements to Landlord upon the effective date of termination and, at Landlord's election in its sole discretion, either (a) assign to Landlord (or, if same has already been received by Tenant, pay to Landlord) all right, title and interest in and to the proceeds from Tenant's insurance upon the Premises and Leasehold Improvements; or (b) at Tenant's expense, promptly demolish the Leasehold Improvements, remove all demolition and debris from the Premises, and restore the Premises to substantially the same condition as existed on the Commencement Date.

18.5 Prompt Repair. If Tenant, pursuant to the terms hereof, elects to repair, replace, reconstruct or rebuild any Leasehold Improvements on the Premises as hereinabove provided, the same shall be effected at Tenant's cost and expense (which may be paid from all available insurance proceeds), and Tenant shall diligently commence and continuously carry out such repair, replacement, reconstruction or rebuilding, to full completion as soon as possible, except to the extent of delays due to strikes, lockouts, shortages of labor or materials after due diligence in obtaining the same, governmental restrictions, fire, casualty, riot, act of God, act of the public enemy, epidemic, or other causes beyond the reasonable control of Tenant after the exercise of due diligence, including diligence in contracting, and the exercise of rights under contracts, with contractors and suppliers.

18.6 No Lease Termination. Except as provided in Section **Error! Reference source not found.**, damage to or destruction of any Leasehold Improvements shall not permit Tenant to terminate this Lease, and there shall be no abatement of Rent payable under this Lease.

19. Condemnation.

19.1 Total Taking. In the event of the taking or condemnation for any public or quasi-public use or purpose of the whole of the Premises or materially all of the Premises at any time during the Term, the right of Landlord and Tenant to share in the proceeds of any award for the Premises and damages upon any such taking, shall be as follows:

19.1.1 Termination of Lease. The Lease Term shall cease as of the date of possession by the condemning authority and all Rent and other payments shall be apportioned as of the date of possession.

19.1.2 Landlord's and Tenant's Shares. Landlord and Tenant shall each receive the value of their respective interests in the Premises and Leasehold Improvements, together with interest thereon from the date of taking to the date of payment at the rate paid on the award, and attorneys' fees and other costs to the extent awarded. Damages to the Premises and Leasehold Improvements for any such taking by eminent domain shall be apportioned between the parties so that the Landlord shall be entitled to its reversionary interest in the Premises and Leasehold Improvements and Tenant shall be entitled to the remainder. Landlord and Tenant shall each have the right as against any condemning authority, to recover to the extent of their respective interests hereunder, damages or compensation for the taking of or damage or injury to the Premises or any part thereof and both parties in cooperation with the other shall have the right to participate in any condemnation proceedings and be represented by counsel for the purpose of protecting their respective interests hereunder. In the event that the parties cannot agree on their share in the condemnation award, the amount thereof shall be determined by the court in the condemnation proceedings.

19.2 Partial Taking. In the event of a partial taking or condemnation, e.g., a taking or condemnation of less than materially all of the Premises:

(a) The Term of this Lease (except as hereinafter provided) shall, nevertheless continue, but the Base Rent to be paid by Tenant under Section 3 shall thereafter be reduced based upon the Base Rent then in effect and the rentable square footage of the Premises so taken, if any.

(b) The award shall be divided and shared by Landlord and Tenant as provided in Section 19.1.2 hereof.

19.3 Successive Takings. In case of a second or any other additional partial taking or takings from time to time, the provisions hereinabove contained shall apply to each partial taking.

19.4 Temporary Taking. If the whole or any part of the Premises or of the Tenant's interest under this Lease be taken or condemned by any competent authority for its temporary use or occupancy, and Tenant shall continue to pay, in the manner and at the times herein specified, the full amounts of the Base Rent, Additional Rent, Utilities and other charges payable by Tenant hereunder, then this Lease shall continue and, except and only to the extent that Tenant may be prevented from so doing pursuant to the terms of the order of the condemning authority, Tenant shall perform and observe all of the other terms, covenants, conditions and obligations hereof upon the part of Tenant to be performed and observed, as though such taking or condemnation had not occurred. In the event of any such temporary taking or condemnation Tenant shall be entitled to receive the entire amount of any award made for such taking, whether paid by way of damages, Rent or otherwise, unless such period of temporary use or occupancy shall extend to or beyond the Expiration Date of this Lease, in

which case such award shall be apportioned between the Landlord and the Tenant as of such Expiration Date.

20. Assignment and Subletting.

20.1 Landlord's Consent Required. Except as permitted in Section 20.5 and following Final Completion of the Leasehold Improvements, Tenant shall obtain Landlord's prior written consent, which consent shall not be unreasonably withheld, before entering into any "Transfer" (defined below). A "Transfer" consists of any of the following, whether voluntary or involuntary and whether effected by death, operation of law, or otherwise: (i) any assignment, mortgage, pledge, encumbrance or other transfer of any interest in this Lease or any direct or indirect ownership interest in Tenant (except to a Leasehold Mortgagee in compliance with the requirements of Section 11.1 of this Lease); (ii) any sublease (except a sublease which complies with the requirements of Section 6 of this Lease), license, franchise, concession or other occupancy of any portion of the Premises by any Persons other than Tenant and its employees; (iii) any transfer of this Lease by merger, consolidation or liquidation, (iv) any change in ownership, or power to vote the majority of the outstanding voting stock of Tenant, or if Tenant is a partnership or limited liability company, a transfer of a controlling interest in such partnership or limited liability company. Any attempted Transfer without such consent shall be void and shall constitute a breach of this Lease. Landlord's consent shall not be unreasonably withheld if the proposed assignee intends to use the Premises for the Permitted Use under Section 6 hereof, has demonstrated experience managing housing comparable to the Premises and has demonstrated financial capacity and/or resources to meet the continuing obligations of Tenant hereunder. Tenant shall have no right to make any assignment of its rights under this Lease if Tenant is then in default under this Lease. If Tenant is a corporation, any transfer of this Lease by merger, consolidation or liquidation, or any change in the ownership of, or power to vote, a majority of its outstanding voting stock (including redemption thereof) shall constitute a Transfer. If Tenant is a partnership or limited liability company, any transfer of this Lease by merger, consolidation, liquidation or dissolution of the partnership or limited liability company, or any change in the ownership of a majority of the partnership or membership interests shall constitute a Transfer. This Lease shall not be assigned by operation of law.

20.2 Request for Transfer Procedure. Tenant shall provide Landlord with written notice, at least thirty (30) days before the proposed effective date of the Transfer, which shall include: (i) information on the proposed transferee, including names, address, ownership of transferee, nature of business, current financial statements, and (ii) all material terms of the Transfer, including all consideration payable by transferee, the portion of Premises transferred, a general description of any planned alterations or improvements, the proposed use of the Premises, the effective date of the Transfer and, as soon as it becomes available, a copy of all proposed documentation (collectively the "Transfer Notice"). Within thirty (30) days after receipt of a Transfer Notice that complies with this Section 20.2, Landlord shall notify Tenant in writing of its decision to (i) approve the Transfer, which approval shall not be unreasonably withheld; or (ii) disapprove of the proposed Transfer. No inaction by Landlord in connection with its rights under this Section 20.2 will constitute an approval of a proposed Transfer.

20.3 General. Tenant shall promptly provide Landlord with any additional information concerning the proposed transferee (including financial information) reasonably

requested by Landlord. Tenant shall pay Landlord for actual attorneys' fees and other costs and expenses incurred by Landlord in connection with reviewing any proposed Transfer and Tenant shall provide Landlord with a copy of the assignment or sublease agreement. No Transfer shall release Tenant of any liability under this Lease. Landlord's consent to any Transfer shall not operate as a waiver of the necessity for consent to any subsequent Transfer.

20.4 Bankruptcy. If this Lease is assigned pursuant to the provisions of the Bankruptcy Code, any and all consideration paid or payable in connection with such assignment shall be Landlord's exclusive property and paid or delivered to Landlord and shall not constitute the property of Tenant or Tenant's estate in bankruptcy. Any person or entity to whom the Lease is assigned pursuant to the Bankruptcy Code shall be deemed automatically to have assumed all of Tenant's obligations under this Lease.

20.5 Permitted Transfers. Notwithstanding anything to the contrary, following Final Completion of the Leasehold Improvements Landlord hereby consents to an assignment of this Lease to: (a) a wholly-owned subsidiary of Tenant or of such parent, including but not limited to transfer of Tenant's estate hereunder or the Tax Credit Investor's interest in Tenant to Northwest Housing Alternatives or any affiliate thereof pursuant to a purchase option and right of first refusal agreement between Northwest Housing Alternatives, Tenant and the Tax Credit Investor; (b) any transfer of a partnership interest in Tenant that occurs in connection with the exercise of general partner removal rights by the Tax Credit Investor; (c) any transfer of the partnership interests of Tenant's limited partner; (d) any transfer of any partnership or membership interest in Tenant's limited partner; (e) any limited liability company or other entity in whom or with which Tenant may be merged or consolidated, or (f) any entity to whom Tenant sells all or substantially all of its assets, provided that (x) the assignee expressly assumes all of Tenant's obligations hereunder in one or more written instruments reasonably acceptable to Landlord; (y) the net worth of the assignee is at least equal to the greater of (i) the net worth of Tenant on the date hereof, or (ii) the net worth of Tenant immediately prior to such merger, consolidation or sale; and (z) there shall be no change in the use of the Premises as a result of such transaction. In the event of any such permitted assignment, Tenant shall notify Landlord at least thirty (30) days prior to the effective date thereof and upon completion of any merger or consolidation shall promptly provide Landlord with a copy of the certificate of merger.

20.6 No Release of Tenant. No consent by Landlord to any Transfer by Tenant shall relieve Tenant of any obligation to be performed by Tenant under this Lease, whether occurring before or after such consent or Transfer nor relieve Tenant from the obligation to obtain Landlord's express written consent to any other Transfer. The acceptance of Base Rent or Additional Rent by Landlord from any other Person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any assignment, subletting or other Transfer.

20.7 No Transfer Prior to Final Completion of Leasehold Improvements. Tenant shall have no right to make any Transfer prior to Final Completion of the Leasehold Improvements (except in compliance with the requirements of Section 11 of this Lease). Any attempted Transfer prior to Final Completion of the Leasehold Improvements (except in compliance with the requirements of Section 11 of this Lease) without the prior written consent

of Landlord, which consent may be withheld by Landlord in its sole and absolute discretion, shall be void and shall constitute a breach of this Lease.

21. Hazardous Substances.

21.1 Condition of Premises. Tenant acknowledges receipt of a copy of the Environmental Reports. Tenant has had an opportunity to conduct additional evaluation of the Premises prior to the Effective Date and has agreed to accept the Premises in its present condition. Landlord has not received any notice from any federal, state or local governmental agency regarding any violation of any Environmental Law and except as disclosed in the Environmental Reports, Landlord has no actual knowledge regarding the presence of any Hazardous Substance (as hereinafter defined) on the Premises in a manner or quantity that presently violates any Environmental Law.

21.2 Compliance with Laws and Regulations. Tenant hereby represents, warrants, covenants and agrees to and with Landlord that all operations or activities upon, or any use or occupancy of the Premises or the Real Property, or any portion thereof, by Tenant or any occupant of the Premises shall throughout the Term of this Lease be in compliance in all material respects with all state, federal, and local Environmental Laws and regulations governing or in any way relating to the generation, handling, storage, use, transportation, discharge, or disposal (whether legal or illegal, accidental, or intentional) of any Hazardous Substances.

21.3 Indemnification; Remedial Work. Tenant shall not cause or knowingly permit any Hazardous Substances to be brought upon, kept or used in or about the Premises or the Real Property by Tenant, its agents, employees, contractors, sublessees or invitees, except in compliance with all Environmental Laws. If Tenant breaches its obligations set forth above or if the presence of Hazardous Substances on or about the Premises or the Real Property caused or permitted by Tenant results in contamination of the Premises or if contamination of the Premises or surrounding area by Hazardous Substances otherwise exists for which Tenant is legally liable, then Tenant shall protect, defend, indemnify and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Premises), damages for the loss or restrictions on use of any space in the Premises, damages arising from any adverse impact on marketability of the Premises, and sums paid in settlement of claims, attorney's fees, consultant fees and expert fees) which arise during or after the Term of this Lease as a result of such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Substances present in the soil or ground water on, under or about the Premises. If the presence of any Hazardous Substance on or about the Premises caused or permitted by Tenant results in any contamination of the Premises or surrounding area, or causes the Premises or surrounding area to be in violation of any Environmental Laws, Tenant shall promptly take at its sole cost and expense all actions necessary to return the Premises and surrounding area to the condition existing prior to the introduction of such Hazardous Substance; provided that Landlord's approval shall first be had and obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises or surrounding area.

21.4 Breach as Material Default. Tenant hereby specifically acknowledges and agrees that (a) each of Tenant's covenants, obligations, agreements, representations and warranties set forth in this Section 21 is a material inducement to Landlord to enter into this Lease, and (b) breach by Tenant of any of Tenant's covenants, obligations, agreements, representations and warranties set forth in this Section 21 shall constitute a material breach of this Lease by Tenant entitling Landlord to all of the rights and remedies provided to Landlord under this Lease or under applicable law.

21.5 Survival. Each of the covenants, agreements, obligations, representations and warranties of Tenant set forth in this Section 21 shall survive the expiration or earlier termination of this Lease.

22. Default. The occurrence of any of the following shall constitute a default by Tenant under this Lease:

22.1 Payment. Failure to make any payments of Rent or other payments due under this Lease or the Easements if the failure to pay is not cured within ten (10) business days after written notice of such default has been given by Landlord to Tenant;

22.2 Failure to Construct. Failure to commence construction of the Leasehold Improvements within 60 days after the Commencement Date (subject to Force Majeure Events) unless otherwise mutually agreed in writing by Landlord and Tenant, or failure to diligently pursue construction of such Leasehold Improvements to completion (subject to Force Majeure Events);

22.3 Other Failure to Perform. Failure to perform any other provision of this Lease or the Easements if the failure to perform is not cured within thirty (30) days after written notice of such default has been given by Landlord to Tenant. If the default cannot reasonably be cured within thirty (30) days, then Tenant shall not be in default under this Lease if Tenant pays all Rent and all other items required to be paid by Tenant under this Lease and commences to cure any such non-monetary default within thirty (30) days and diligently and in good faith continuously prosecutes the cure of such default to completion; or

22.4 Abandonment. The abandonment of the Premises or the Leasehold Improvements by Tenant (provided, however, that temporary vacation of some or all of the Leasehold Improvements necessary for repair, renovation or reconstruction of the Premises shall not be deemed an abandonment);

22.5 Bankruptcy. Tenant shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any other present or future applicable federal, state or other statute or law, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Tenant or of all or any substantial part of its properties or of the Premises, or within sixty (60) days after the commencement of any proceeding against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the present or any future federal bankruptcy act or any other

present or future applicable federal, state, or other statute or law, such proceeding shall not have been dismissed or if, within sixty (60) days after the appointment, without the consent or acquiescence of Tenant, of any trustee, receiver, or liquidator of Tenant or of all or any substantial part or its properties or of the Premises, such appointment shall not have been vacated or stayed on appeal or otherwise, or if, within sixty (60) days after the expiration of any such stay, such appointment shall not have been vacated.

22.6 Remedies. In the event of any such default or breach by Tenant, Landlord may, at any time thereafter without limiting Landlord in the exercise of any right or remedy at law or in equity which Landlord may have by reason of such default or breach:

(a) Maintain this Lease in full force and effect and recover the Rent, Additional Rent and other monetary charges as they become due, without terminating Tenant's right to possession irrespective of whether Tenant shall have abandoned the Premises. In the event Landlord elects not to terminate this Lease, Landlord shall have the right to attempt to relet the Premises at such rent and upon such conditions and for such a term, and to do all acts necessary to maintain or preserve the Premises as Landlord deems reasonable and necessary without being deemed to have elected to terminate this Lease, including removal of all persons and property from the Premises. Such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant.

(b) Terminate Tenant's right to possession by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including without limitation thereto, the following: (i) the worth at the time of award of any unpaid Rent and Additional Rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent and Additional Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that is proved could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent and Additional Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that is proved could be reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the damages proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of events would be likely to result therefrom, including, without limitation, costs of reletting, tenant improvements, and leasing commissions; plus (v) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable state law. Upon any such reentry Landlord shall have the right to make any reasonable repairs, alterations or modifications to the Premises, which Landlord in its sole discretion deems reasonable and necessary. As used in (i) above, the "worth at the time of award" is computed by allowing interest at the rate of twelve percent (12%) per annum from the date of default.

22.7 Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of Rent, and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any financing or other obligation.

Accordingly, if any installment of Rent or any other sum due from Tenant shall not be received by Landlord within five (5) days after written notice by Landlord that such amount is due, Tenant shall pay to Landlord a late charge equal to five percent (5%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. In addition to late charges, Tenant shall pay Landlord interest on the amount of any overdue payment of Rent at an interest rate of twelve percent (12%) per annum from the date due until paid in full.

23. Bankruptcy.

23.1 Assumption of Lease. If Tenant becomes a Debtor under Chapter 7 of the Bankruptcy Code or a petition for reorganization or adjustment of debts is filed concerning Tenant under Chapter 11 of the Bankruptcy Code, or a proceeding is filed under Chapter 7 of the Bankruptcy Code and is transferred to Chapter 11 of the Bankruptcy Code, the Bankruptcy Trustee or Tenant, as Debtor and as Debtor-In-Possession, may not elect to assume this Lease unless, at the time of such assumption, the Bankruptcy Trustee or Tenant Bankruptcy Trustee or Tenant has:

23.1.1 Cured all defaults under the Lease and paid all sums due and owing under the Lease or provided Landlord with "Adequate Assurance" (as defined below) that:

(i) within ten (10) days from the date of such assumption, the Bankruptcy Trustee or Tenant will completely pay all sums then due and owing under this Lease, and compensate Landlord for any actual pecuniary loss resulting from any existing default or breach of this Lease, including without limitation, Landlord's reasonable costs, expenses, accrued interest, and attorneys' fees incurred as a result of the default or breach; and (ii) within twenty (20) days from the date of such assumption, the Bankruptcy Trustee or Tenant will cure all non-monetary defaults and breaches under this Lease or, if the nature of such non-monetary defaults is such that more than twenty (20) days are reasonably required for such cure, that the Bankruptcy Trustee or Tenant will commence to cure such non-monetary defaults within twenty (20) days and thereafter diligently and in good faith continuously prosecute such cure to completion; and (iii) the assumption will be subject to all of the provisions of this Lease.

23.1.2 For purposes of this Section 23, Landlord and Tenant acknowledge that, in the context of a bankruptcy proceeding involving Tenant, at a minimum, "Adequate Assurance" shall mean: (i) the Bankruptcy Trustee or Tenant has and will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that the Bankruptcy Trustee or Tenant will have sufficient funds and/or income to fulfill the obligations of Tenant under this Lease, and (ii) the Bankruptcy Court shall have entered an order segregating sufficient cash payable to Landlord and/or the Bankruptcy Trustee or Tenant shall have granted a valid and perfected first lien and security interest and/or mortgage in or on property of Bankruptcy Trustee or Tenant acceptable as to value and kind to Landlord, to secure to Landlord the obligation of the Bankruptcy Trustee or

Tenant to cure the monetary and/or non-monetary defaults and breaches under this Lease within the time periods set forth above.

23.2 Assignment of Lease. If the Bankruptcy Trustee or Tenant has assumed the Lease, pursuant to the provisions of this Section 23 for the purpose of assigning Tenant's interest hereunder to any other person or entity, such interest may be assigned only after the Bankruptcy Trustee, Tenant, or the proposed assignee have complied with all of the terms, covenants, and conditions of this Lease. Landlord and Tenant acknowledge that such terms, covenants, and conditions are commercially reasonable in the context of a bankruptcy proceeding of Tenant. Any person or entity to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease, on and after the date of such assignment. Any such assignee shall upon request execute and deliver to Landlord one or more instruments confirming such assignment, and in recordable form if requested by Landlord.

23.3 Adequate Protection. Upon the filing of a petition by or against Tenant under the Bankruptcy Code, Tenant, as Debtor and as Debtor-In-Possession, and any Bankruptcy Trustee who may be appointed agree to adequately protect Landlord as follows: (i) to perform each and every obligation of Tenant under this Lease until such time as this Lease is either rejected or assumed by Order of the Bankruptcy Court; (ii) to pay all monetary obligations required under this Lease, including without limitation, the payment of Rent, Additional Rent, Taxes and Utilities and any other sum payable by Tenant under this Lease which is considered reasonable compensation for the use and occupancy of the Premises; (iii) provide Landlord a minimum of thirty (30) days prior written notice, unless a shorter period is agreed to in writing by the parties, of any proceeding relating to any assumption of this Lease or any intent to abandon the Premises, which abandonment shall be deemed a rejection of this Lease; and (iv) to perform for the benefit of Landlord as otherwise required under the Bankruptcy Code. The failure of Tenant to comply with the above shall result in an automatic rejection of this Lease.

24. Reserved.

25. Landlord's Right to Enter the Premises. Landlord reserves and shall have the right to enter the Premises at reasonable times (subject to all applicable laws, including but not limited to residential landlord-tenant laws) for the below listed purposes. Landlord shall conduct its activities on the Premises as allowed in this Section 25 in a manner that will cause the least possible inconvenience, annoyance, or disturbance to Tenant and its subtenants. Landlord shall not be liable in any manner for any inconvenience, annoyance, disturbance, loss of business, nuisance, or other damage arising out of Landlord's entry on the Premises as provided in this Section 25. Tenant shall not be entitled to an abatement or reduction of Rent if Landlord exercises any right reserved in this Section:

25.1 Condition. To determine whether the Premises are in good condition and whether Tenant is complying with its obligations under this Lease.

25.2 Notices. To serve, post, or keep posted any notices required or allowed under the provisions of this Lease.

26. Right to Estoppel Certificates. Each party, within fifteen (15) days after notice from the other party, shall execute and deliver to the other party, in recordable form, a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified and stating the modifications. The certificate shall also state the amount of Base Rent and Additional Rent, the dates to which Rent has been paid in advance, the amount of any prepaid rent or security deposit and the existence of any defaults by either Landlord or Tenant thereunder. Failure to deliver the certificate within such fifteen (15) day period shall be conclusive upon the party failing to deliver the certificate for the benefit of the party requesting the certificate and any successor to the party requesting the certificate, that this Lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate.

27. Limitation on Landlord's Liability. Notwithstanding any provision in the Lease to the contrary, Tenant agrees that it shall look solely to the estate and property of Landlord in the Premises for the collection of any judgment requiring the payment of money by Landlord or for the enforcement of any other judgment or remedy against Landlord and no other assets of Landlord shall be subject to levy, execution, or other procedure for the satisfaction of Tenant's remedies. This limitation shall extend to any agreement, covenant, assignment, assumption or action made, delivered, executed or done under or in connection with this Lease

28. Attorneys' Fees. In the event either party requires the services of an attorney in connection with enforcing the terms of this Lease, or in the event suit is brought for the recovery of any Rent due under this Lease or for the breach of any covenant or condition of this Lease, or for the restitution of said Premises to Landlord and/or eviction of Tenant during said Term or after the expiration thereof, the prevailing party will be entitled to a reasonable sum for attorneys' fees, witness fees, and court costs, including costs of appeal.

29. Surrender; Holding Over.

29.1 Surrender of Premises. Upon the expiration or earlier termination of this Lease, Tenant shall surrender the Premises and the Leasehold Improvements to Landlord, free of any subleases and free of other encumbrances created or suffered by Tenant (other than any that Landlord has expressly agreed in writing may survive termination of the Lease), in the same condition as they were in on Final Completion of the Project, ordinary wear and tear (subject to the obligation of Tenant to maintain the Premises in good order, condition and repair during the entire Term), except as otherwise provided in Sections 18 and 19. Tenant at its expense shall (a) remove all of Tenant's Personal Property and those of all Persons claiming under Tenant from the Premises (other than appliances in the dwelling units and common areas) and repair any damage to the Premises or Leasehold Improvements occasioned thereby; (b) remove all telecommunications and computer network wiring and cabling to the extent required by Landlord; (c) remove or cause to be removed from the Premises and the Leasehold Improvements all signs installed by Tenant other than those necessary or appropriate for Landlord's future use of the Leasehold Improvements; and (c) peaceably surrender possession of the Premises. Any property left on the Premises after the expiration or termination of the Lease Term shall be deemed to have been abandoned and to have become the property of Landlord to dispose of as Landlord deems expedient, and Tenant shall be liable for all costs associated with the disposal of such property. Tenant hereby waives all claims for damages that may be caused

by Landlord's reentering and taking possession of the Premises or removing and storing Tenant's property as herein provided and Tenant shall indemnify and hold harmless Landlord therefrom. No such entry shall be considered or construed to be a forcible entry.

29.2 Failure to Surrender. If Tenant fails to surrender the Premises to Landlord in the condition required under this Lease on the Expiration Date or ten (10) days after termination of the Term as required by this Section 29, Tenant shall pay Landlord monthly rent in an amount equal to one hundred fifty percent (150%) of the then fair market rental value for the Premises as reasonably determined by Landlord. Landlord and Tenant agree that the Base Rent payable by Tenant under this Lease was a negotiated figure taking into consideration among other criteria, Tenant's agreement to undertake the design, development, and construction of the Leasehold Improvements, and that the fair market rental value for the Premises after completion of the Leasehold Improvements would be greatly in excess of the Base Rent. Nothing contained herein shall constitute the consent, express or implied, of Landlord to the holding over of Tenant after the expiration or earlier termination of this Lease.

29.3 Holding Over. If Tenant, with Landlord's written consent remains in possession of the Premises after expiration or termination of the Term, or after the date in any notice given by Landlord to Tenant terminating this Lease, such possession by Tenant shall be deemed to be a month-to-month tenancy terminable on thirty (30) days' notice given at any time by either party. During such month-to-month tenancy, Tenant shall pay one hundred fifty percent (150%) of all Rent then required to be paid under this Lease. All provisions of this Lease, except those pertaining to Term, shall apply to the month-to-month tenancy.

30. Broker. Landlord and Tenant each represent to the other that neither is represented by any broker, agent or finder with respect to this Lease in any manner. Each party agrees to indemnify and hold the other party harmless from and against any and all liability, costs, damages, causes of action, or other proceedings instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party in any manner whatsoever in connection with this Lease. This indemnification shall survive the expiration or other termination of this Lease. Landlord's indemnification is subject to the limits of the Oregon Tort Claims Act and Oregon Constitution.

31. Limitation on Landlord Liability. Nothing in this Lease shall be deemed a waiver of the limitations set forth in the Oregon Tort Claims Act, ORS 30.260 to 30.300, to the extent such Act applies to Landlord. Any approval or consent by Landlord (or any denial of approval or consent by Landlord) of the plans, drawings, permits, uses, or any other matter in its capacity as Landlord shall not constitute approval, consent (or denial of approval or consent) on behalf of the City of Tigard in its municipal or regulatory capacity.

32. Definitions. As used in this Lease, the following capitalized terms shall have the following meanings:

32.1 "Additional Rent" means all amounts which Tenant is required to pay Landlord pursuant to this Lease (other than Base Rent).

32.2 “Commencement Date” means the Effective Date. The Commencement Date is also the date upon which Tenant’s obligation to pay Rent hereunder commences.

32.3 “Construction Contracts” means (i) the General Construction Contract, and (ii) all other contracts for construction services entered into between Tenant and any Contractor, including the General Contractor, for construction of any other portion of the Project not covered by the General Construction Contract.

32.4 “Construction Documents” means the Construction Drawings and Detailed Specifications for construction of the Leasehold Improvements, including technical drawings, schedules, diagrams, plans and specifications setting forth in detail the requirements for construction of the Leasehold Improvements including itemization of furniture, appliances and furnishings to be installed, and providing information customarily required for the use of the building trades and the general construction contract for construction of the Leasehold Improvements.

32.5 “Construction Drawings” means the final construction drawings for the Leasehold Improvements (including personal property, appliances, and furnishings requirements).

32.6 “Contract Documents” means the Construction Documents, the Construction Contracts and the other documents identified as Contract Documents in the General Construction Contract.

32.7 “Contractors” means the General Contractor and any other construction contractors with whom Tenant enters into direct contracts, or with whom General Contractor on behalf of and acting as the Tenant’s agent, contracts for the Project.

32.8 “Detailed Specifications” means all written detailed requirements for materials, equipment, construction systems, standards and workmanship for the construction of the Leasehold Improvements.

32.9 “Effective Date” means the date upon which this Lease has been fully executed by Landlord and Tenant.

32.10 “Environmental Law” means any federal, state or local law, rule or regulation relating to health, industrial hygiene or environmental conditions of the Real Property or the Premises, including, without limitation, as amended from time to time, the Federal Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901 et seq., Federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Section 9601 et seq., Federal Hazardous Materials Transportation Control Act, 49 U.S.C. Section 1801 et seq., Federal Clean Air Act, 42 U.S.C. Section 7401 et seq., Federal Water Pollution Control Act, Federal Water Act of 1977, 33 U.S.C. Section 1251 et seq., Federal Insecticide, Fungicide and Rodenticide Act, Federal Pesticide Act of 1978, 7 U.S.C. Section 136 et seq., Federal Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., Federal Safe Drinking Water Act, 42 U.S.C. Section 300f et seq., any similar Oregon statutes, and any regulations promulgated thereunder.

32.11 “Environmental Reports” means [_____].

32.12 “Expiration Date” means the date that is ninety-nine (99) years following the Effective Date unless the Lease is sooner terminated pursuant to any provision of this Lease.

32.13 “Fair Market Value of the Premises” means the fair market value of the Premises based upon then current use of the Premises under applicable land use and zoning laws as determined by mutual agreement of the parties or, if the parties are unable to agree, as determined pursuant to the appraisal process set forth in Section 3.2 of this Lease.

32.14 “Base Rent” means the amount of annual fixed rent payable for the lease of the Premises each Lease Year during the Term, as increased and adjusted from time to time in accordance with the provisions set forth in Section 3 of this Lease. Base Rent for each Lease Year shall be paid in full commencing on the Commencement Date for the upcoming Lease Year.

32.15 “Force Majeure Event” means strikes (other than strikes directly caused by the acts or omissions of Tenant or the General Contractor or the failure by Tenant or the General Contractor to bargain in good faith), acts of God, war, riots, fire, flood, earthquake, epidemic, or other unavoidable casualties beyond the reasonable control of the parties or Tenant’s General Contractor. Tenant’s failure to comply with the terms and provisions of this Lease or unavailability of funds to pay for the design, development or construction of the Project are not Force Majeure Events.

32.16 “General Construction Contract” means the agreement between Tenant and the General Contractor for construction of the Project.

32.17 “General Contractor” means a general contractor duly licensed in the State of Oregon, selected by Tenant to construct the Project and which is approved by Landlord in its reasonable discretion.

32.18 “Hazardous Substance” shall include without limitation:

(a) Those substances included within the definitions of “hazardous substances,” “hazardous materials,” “toxic substances,” or “solid waste” in the Comprehensive Environmental Response Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.) (“CERCLA”), as amended by the Superfund Amendments and Reauthorization Act of 1986 (Pub. L. 99-499 100 Stat. 1613) (“SARA”), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901 et seq.) (“RCRA”), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et seq.), the Toxic Substance Control Act (15 U.S.C. Section 2601 et seq.) and in the regulations promulgated pursuant to said laws, all as amended;

(b) Those substances listed in the United State Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302 and amendments thereto);

(c) Any material, waste or substance which is (A) petroleum; (B) asbestos; (C) polychlorinated biphenyls; (D) designated as a “hazardous substance” pursuant to Section 311 of the Clean Water Act, 33 U.S.C. 1251 et seq. (33 U.S.C. § 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. § 1317); (E) flammable explosives; (F) radon gas; (G) lead or lead-based paint; (H) radioactive materials; (I) coal combustion by-products; (J) urea formaldehyde foam insulation; or (K) mold. Mold includes any form of multicellular fungi that live on plant or animal matter and in indoor environments.

(d) Those substances defined as “dangerous wastes,” “hazardous wastes” or as “hazardous substances” under the Toxic Substance Control Act, 15 U.S.C. Section 2601 et seq., and in the regulations promulgated pursuant to said laws, all as amended from time to time;

(e) Storm water discharge regulated under any federal, state or local law, ordinance or regulation relating to storm water drains, including, but not limited to, Section 402(p) of the Clean Water Act, 33 U.S.C. Section 1342 and the regulations promulgated thereunder, all as amended from time to time; and

(f) Such other substances, materials and wastes which are or become regulated as hazardous or toxic under applicable local, state or federal law, or the United States government, or which are classified as hazardous or toxic under federal, state, or local laws or regulations, or which are deemed dangerous or injurious to human health.

32.19 “Landlord” means the City of Tigard, a municipal corporation of the State of Oregon, its successors and assigns.

32.20 “Landlord’s Construction Representative” means _____ or his or her designee.

32.21 “Law” means any constitution, statute, ordinance, regulation, rule, resolution, judicial decision, administrative order, or other requirement of any federal, state, county, municipal or other governmental agency or authority having jurisdiction over the parties or the Premises, or both, in effect either at the time of execution of this Lease or at any time during the Term, including without limitation, any regulation or order of a quasi-official entity or body (e.g., board of fire examiners or public utilities); all rules, laws, and regulations arising under Title III of the Americans with Disabilities Act and the regulations issued thereunder by the United States Department of Justice.

32.22 “Leasehold Improvements” [_____]

32.23 “Leasehold Mortgage” means a mortgage, deed of trust or other security instrument which satisfies the requirements of Section 11.1 of this Lease and encumbers Tenant’s leasehold estate under this Lease.

32.24 “Leasehold Mortgagee” means the beneficiary under a Leasehold Mortgage.

32.25 “Lease Year” or “Year” means each succeeding year of the Term, commencing with the Effective Date and ending with the date which is one (1) day less than one (1) year later.

32.26 “Legal Requirements” means all applicable local, state and federal laws, ordinances and regulations, and other governmental rules, orders and determinations now or hereafter in effect, whether or not presently contemplated, applicable to the Real Property and/or Premises, or its ownership, operation, use or possession, including (without limitation) all those relating to building codes, zoning or other land use matters, the Fair Housing Act of 1968, as amended, The Americans With Disabilities Act of 1990, as amended, life safety requirements and environmental compliance with respect to the handling, treatment, storage, disposal, discharge, use and transportation of Hazardous Substances. With respect to the City’s requirements, the term “Legal Requirements” shall mean those requirements imposed by the City in its governmental capacity and not in its capacity as landlord under this Lease.

32.27 “Permits” means all land use permits, authorizations and approvals required for construction of the Project.

32.28 “Permitted Use” has the meaning given to it in Section 6.1 of this Lease.

32.29 “Person” means any natural person, corporation, limited liability company, partnership, trust, unincorporated association, public entity, or other form of entity.

32.30 “Premises” means the portion of the Real Property described in Exhibit B.

32.31 “Project” means the design, development, construction and financing of the Leasehold Improvements to be constructed on the Premises.

32.32 “Real Property” means the parcel of land described in Exhibit A attached hereto and by this reference incorporated herein.

32.33 “Rent” means Base Rent and Additional Rent each as defined elsewhere in the Lease.

32.34 “Preliminary Plans” means the initial Drawings and other documents illustrating the scale and relationship of the Leasehold Improvement components including the configuration of leased spaces, entrances and exits to the Premises, interior circulation plan, on-site parking and other ancillary improvements. As used herein, “Drawings” include all graphic and pictorial documents depicting the design and location of the Leasehold Improvements and include plans, elevations, sections, details, schedules and diagrams for the Leasehold Improvements.

32.35 “Substantially Complete” or “Substantial Completion” means that the Project has been constructed in strict accordance with the Contract Documents and: (a) all elements required for the functioning of the Leasehold Improvements shall be operational and in good working order and condition including satisfying applicable ADA building requirements and any similar Oregon laws, as well as regulations adopted thereunder; (b) the Leasehold Improvements shall be weather tight and waterproof;

(c) the fire and life safety systems shall be operational and in good working order and condition; (d) the elevators within the Leasehold Improvements shall operate and function in good working order and condition, but may still require touch up installation and cleaning; (e) the mechanical and electrical systems, including the HVAC system, if any, shall be individually tested and in good working order able to support the Leasehold Improvements and shall also be tested to assure that the Leasehold Improvements systems operate on an integrated basis, but the HVAC system may still require final balancing work; (f) the finish work is substantially completed, including, but not limited to public entryways, elevators, doors and other partitions and the HVAC, plumbing, fire and life safety, sprinkler and electrical systems have been installed and are in good working order and condition, and all construction debris has been removed; (g) all site utilities, sidewalks and landscaping are substantially completed and construction barricades and equipment have been removed; (h) all Leasehold Improvements elevators and lobbies and all entrances and exits to the Leasehold Improvements are completed; (i) the access and security systems for the Leasehold Improvements are installed and operational, except in each case minor Punch List items which do not materially affect use and occupancy of the Leasehold Improvements for the Permitted Use.

32.36 “Taxes” has the meaning set forth in Section 4.2 of this Lease.

32.37 “Tenant” means _____, and its permitted successors and assigns.

32.38 “Tenant’s Personal Property” means Tenant’s equipment, furniture, and movable property placed in the Premises by Tenant other than appliances and fixtures installed on the Premises as part of the Leasehold Improvements.

32.39 “Term” means the period beginning on the Effective Date and ending on the Expiration Date or earlier termination of this Lease.

32.40 “Utilities” means all utilities and services furnished to the Premises, including without limitation, gas, electricity, water, sewer, garbage collection, and telephone service.

33. Miscellaneous Provisions.

33.1 Entire Agreement. This Lease, and all exhibits attached hereto or thereto sets forth the entire agreement of the parties as to the subject matter hereof and supersedes all prior discussions and understandings between them. This Lease may not be amended or rescinded in any manner except by an instrument in writing signed by a duly authorized officer or representative of each party hereto.

33.2 Force Majeure. If either party’s performance of an obligation under this Lease (excluding a monetary obligation) is delayed or prevented in whole or in part by any Force Majeure Event, as defined in this Lease, after the obligated party’s diligent efforts to mitigate the effects of such event, the party will be excused, discharged, and released of performance to the extent that such performance or obligation (excluding any monetary obligation) is so limited or prevented by the occurrence.

33.3 Landlord Capacity. Landlord is entering into this lease in its capacity as owner the Premises, and not in its capacity as regulator under the Tigard City Code or other Legal Requirements. Landlord makes no representations or warranties about the availability of any planning, land use, building permit or other governmental approval Tenant may seek in connection with this Lease or the Leasehold Improvements.

33.4 Governing Law. This Lease shall be governed by and construed and enforced in accordance with the laws of the State of Oregon.

33.5 Severability. Should any of the provisions of this Lease be found to be invalid, illegal or unenforceable by any court of competent jurisdiction, such provision shall be stricken and the remainder of this Lease shall nonetheless remain in full force and effect unless striking such provision shall materially alter the intention of the parties.

33.6 Jurisdiction. In the event any action is brought to enforce any of the provisions of this Lease, the parties agree to be subject to exclusive in personam jurisdiction in the Washington County Circuit Court for the State of Oregon and agree that in any such action venue shall lie exclusively at Hillsboro, Oregon.

33.7 Waiver. No waiver of any right under this Lease shall be effective unless contained in writing signed by a duly authorized officer or representative of the party sought to be charged with the waiver and no waiver of any right arising from any breach or failure to perform shall be deemed to be a waiver of any future right or of any other right arising under this Lease.

33.8 Captions. Section captions contained in this Lease are included for convenience only and form no part of the agreement between the parties.

33.9 Notices. All notices or requests required or permitted under this Lease shall be in writing, shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid, or by facsimile transmission and shall be deemed given three (3) days following the date when mailed or on the date when delivered or faxed (provided the fax machine has issued a printed confirmation of receipt). All notices or requests shall be sent to Landlord and Tenant addressed as follows:

If to Tenant:

Attention: _____

With a copy to:

Attention: _____

If to Landlord:

Attention:_____
Facsimile:_____

With a copy to:

City of Tigard
Attn: City Attorney
13125 SW Hall Blvd.
Tigard, OR 97223

Tenant may request that additional notices be sent to Leasehold Mortgagee. Landlord shall identify Landlord's Construction Representative and provide Tenant with Landlord's Construction Representative's address and facsimile number for receipt of notices under this Lease promptly following receipt of Preliminary Plans.

Either party may change the address to which notices shall be sent by notice to the other party.

33.10 Binding Effect. Subject to the provisions of Section 20 captioned "Assignment and Subletting," this Lease shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. No permitted assignment of this Lease or Tenant's rights hereunder shall be effective against Landlord unless and until an executed counterpart of the instrument of assignment shall have been delivered to Landlord and Landlord shall have been furnished with the name and address of the assignee. The term "Tenant" shall be deemed to include the assignee under any such permitted assignment. The term "Tenant" shall include any successors to or assigns of the Tenant's interest in the Premises following any foreclosure of a Leasehold Mortgage, including any Leasehold Mortgagee or any purchaser at a trustee's or sheriff's sale of Tenant's leasehold interest in the Premises.

33.11 Gender and Number. As used in this Lease, the masculine shall include the feminine and neuter, the feminine shall include the masculine and neuter, the neuter shall include the masculine and feminine, the singular shall include the plural and the plural shall include the singular, as the context may require.

33.12 Nondiscrimination. Tenant will not discriminate in employment on the basis of race, color, religion, sex, national origin, veteran status, or physical and mental disability in regard to any position for which the employee is qualified, in compliance with (a) Presidential Executive Order 11246, as amended, including the Equal Opportunity Clause contained therein; (b) Section 503 of the Rehabilitation Act of 1973, as amended, and the Vietnam Era Veterans Readjustment Act of 1974, as amended, and the Affirmative Action Clauses contained therein; (c) the Americans with Disabilities Act of 1990, as amended; and (d) all other Legal Requirements. In its selection of tenants for the Premises, Tenant shall not discriminate on the basis of race, creed, color, national origin, sex, honorably discharged veteran or military status,

marital status, families with children status, sexual orientation, or the presence of any sensory, mental or physical disability. Tenant will not maintain facilities which are segregated on the basis of race, color, religion, or national origin in compliance with Presidential Executive Order 11246, as amended, and will comply with the Americans with Disabilities Act of 1990, as amended, regarding its programs, services, activities and employment practices.

33.13 Nature of Relationship. The relationship between the Landlord and Tenant under this Lease shall be solely that of landlord and tenant. Nothing contained in this Lease shall be deemed or construed to create a partnership, tenancy-in-common, joint tenancy, joint venture or co-ownership between Landlord and Tenant. Landlord shall not in any way be responsible or liable for the debts, losses, obligations or duties of Tenant with respect to the Premises or otherwise by reason of this Lease. All obligations to pay Projects Costs or pay Rent, or operate, manage, maintain or repair the Premises shall be the sole responsibility of Tenant except as otherwise expressly set forth in this Lease. No term or provision of this Lease is intended to be, or shall be, for the benefit of any Person, firm, organization or corporation not a party hereto, and no such other Person, firm, governmental entity, organization or corporation shall have any right or cause of action hereunder.

33.14 Fair Construction. The provisions of this Lease shall be construed as a whole according to their common meaning not strictly for or against any party and consistent with the provisions contained herein in order to achieve the objectives and purposes of this Lease. Each party hereto and its counsel has reviewed and revised this Lease. Accordingly, this Lease shall be construed without the application of any rule requiring that it be construed against the drafting party.

33.15 Recording. This Lease shall not be recorded, but the parties shall execute and acknowledge a memorandum of this Lease in the form of Exhibit D attached hereto which shall be recorded at Tenant's expense. Within ten (10) days following the expiration or earlier termination of this Lease, Tenant shall execute and deliver to Landlord an instrument, in recordable form, confirming the termination of this Lease which instrument, at Landlord's option, may be placed of record in real estate records in the county in which the Premises are located.

33.16 Time is of the Essence. The parties hereto expressly agree that time shall be of the essence in the payment and performance of each party's obligations under this Lease.

33.17 Quiet Enjoyment. Upon payment by Tenant of Rent as herein provided and upon the observance and performance of the covenants, terms and conditions on Tenant's part to be performed under this Lease, Tenant shall peacefully and quietly hold and enjoy the Premises for the Term herein devised without hindrance by Landlord or any person or persons lawfully claiming by or through Landlord.

33.18 Tenant Not a Blocked Person. Tenant represents and warrants that neither Tenant nor any Person owning any direct or indirect membership interest or other equity ownership interest in Tenant is now, or ever has been, named on (or now is or ever has been acting directly or indirectly for or on behalf of any Person named on) the list of "Specially Designated Nationals and Blocked Persons" published by the Office of Foreign Assets Control

of the United States Department of the Treasury or any similar list maintained by the United States government or any other government (any person so named, a "Blocked Person"). If Tenant, or any Person owning any direct or indirect membership interest or other equity ownership interest in Tenant, at any time becomes a Blocked Person or acts directly or indirectly for or on behalf of any Blocked Person, such event shall constitute an event of default under this Lease, unless, within thirty (30) days after Tenant becomes aware of such Blocked Person or aware of actions taken directly or indirectly for or on behalf of such Blocked Person, Tenant initiates and diligently pursues steps to cause such Blocked Person to be removed from owning a direct or indirect membership interest or other equity ownership interest in Tenant or removed from the list of "Specially Designated Nationals and Blocked Persons."

34. Authority. Landlord is a municipal corporation of the State of Oregon. Tenant is a [_____], duly organized, validly existing and in good standing under the laws of the State of [_____]. By execution of this Lease, Landlord and Tenant represent that they have authority to enter into and perform their respective obligations under this Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date and year first above written.

Landlord:

Approved as to form:

CITY OF TIGARD, a municipal
corporation of the State of Oregon

By: _____

By: _____

Name: _____

Its: _____

Tenant:

[Tenant Name]

By: _____

Name: _____

Title: _____

EXHIBIT A

Legal Description of the Real Property

Certain real property located in the City of Tigard, Oregon and more particularly described as follows:

[insert legal description of the Real Property]

EXHIBIT B

Legal Description of the Premises

Certain real property located in the City of Tigard, Oregon and more particularly described as follows:

[insert legal description of the Premises]

EXHIBIT C
Target Dates

Matter	Date
--------	------

EXHIBIT D

Form of Memorandum of Ground Lease

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

City of Tigard
13125 SW Hall Blvd.
Tigard, Oregon 97223
Attn: Shelby Rihala, Esq.

MEMORANDUM OF GROUND LEASE

Landlord: The City of Tigard, a municipal corporation of the State of Oregon

Tenant:

THIS MEMORANDUM OF GROUND LEASE (the "Memorandum") is executed this ____ day of _____, 20__ by and between the CITY OF TIGARD, a municipal corporation of the State of Oregon ("Landlord") and _____ ("Tenant").

1. Lease. Landlord has leased the Premises described in Exhibit A attached hereto and by this reference incorporated herein (the "Premises") to Tenant at a rent and on the terms and condition set forth in that certain Ground Lease dated _____, 202__ by and between Landlord and Tenant (the "Lease"). The Lease is for a term of ninety-nine (99) years commencing _____, 202__ and shall expire _____, 20__, unless sooner terminated pursuant to the terms of the Lease.

2. Definition of Terms. All capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Lease.

3. Purpose of Memorandum. This Memorandum is prepared for purposes of recordation only and does not set forth all of the terms and conditions set forth in the Lease. In the event there is any conflict between the terms and conditions of the Lease and this Memorandum, the terms of the Lease shall control.

DATED this ____ day of _____, 202__.

Approved as to Form:

Landlord:

By: _____

CITY OF TIGARD, a municipal
corporation of the State of Oregon

By: _____

Name: _____

Its: _____

Tenant:

[Tenant name]

By: _____

Name: _____

Its: _____

STATE OF OREGON)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____
is the person who appeared before me, and said person acknowledged that ____ signed this
instrument, and on oath stated that ____ was authorized to execute the instrument as the
_____ of the CITY OF TIGARD, and acknowledged it to be the free
and voluntary act of said municipality, for the uses and purposes mentioned in the
instrument.

DATED: _____, 20__.

NOTARY PUBLIC for the State of Oregon
My commission expires: _____

STATE OF OREGON)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____
is the person who appeared before me and said person acknowledged that he signed this
instrument, and on oath stated that he was authorized to execute the instrument as the
_____ of [Tenant], and acknowledged it to be the free

and voluntary act and deed of said _____ for the uses and purposes mentioned in the instrument.

DATED: _____, 20__.

NOTARY PUBLIC for the State of Oregon
My commission expires: _____

LEGAL DESCRIPTION
EXHIBIT A

[insert legal description]