

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

In the Matter of the Acquisition of the
WALNUT PARK BUILDING for County Purposes
and Approval of Related Documents

RESOLUTION
92-241

WHEREAS, the County Departments of Health and Social Services provide health services and aging services to residents in Northeast Portland at the Northeast Health Clinic and Northeast Aging Services Branch; and

WHEREAS, the Northeast Health Clinic and Northeast Aging Services Branch is located at the Walnut Park Building, 5305 Martin Luther King, Jr., Blvd., Portland which is a suitable permanent location for such facilities; and

WHEREAS, the County presently leases the Walnut Park Building; and

WHEREAS, the County may more economically provide health and aging services through ownership of the Walnut Park Building over the long term;

NOW, THEREFORE, THE BOARD OF COUNTY COMMISSIONERS HEREBY RESOLVES:

1. Purchase of the Walnut Park Building on the terms and conditions of the proposed Purchase and Sale Agreement, attached hereto as Exhibit A, (the "AGREEMENT" herein) is hereby approved.
2. The Chair or the Chair's authorized designee is authorized to sign the AGREEMENT and any supplementary documents or agreements required by the terms and conditions of the AGREEMENT to make the AGREEMENT a binding contract.

ADOPTED this 29th day of December, 1992.



By

Gladys McCoy
Gladys McCoy
Multnomah County, Oregon

REVIEWED:

By Peter Livingston
Peter Livingston
Assistant County Counsel
For Multnomah County, Oregon

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**ADDENDUM TO PURCHASE AND SALE AGREEMENT
DATED THE 1ST DAY OF AUGUST, 1992 BETWEEN
URBAN EQUITIES, INC., AN OREGON CORPORATION (SELLER)
AND
MULTNOMAH COUNTY, OREGON (PURCHASER)**

Seller agrees to have a qualified engineer (Mackenzie Engineering Incorporated) prepare and certify a Plan for the improvement of the Property necessary to bring it into compliance with the forthcoming Seismic Zone III Standards of the City of Portland Uniform Building Code. The Plan will be submitted by the Qualified engineer to the City of Portland and approved by the City. Seller will obtain written proposals for construction of the Plan improvements, including the costs thereof, from two construction firms acceptable to Seller and Purchaser prior to closing of the sale of the Property.

Further Seller agrees that the purchase price of One Million, Four Hundred Thousand Dollars (\$1,400,000), to be paid by Purchaser under the proposed PURCHASE AND SALE AGREEMENT, shall be reduced by the amount of the cost to make the roof, when it is removed and replaced, conform with the UBC Seismic Zone III Standards, as specified in the Plan, measured by the average of the estimates of such cost by the two construction firms. Such cost of conforming excludes cost of labor and materials for the removal of the existing roof(s) and roofing material and for its replacement with a new roof and roofing materials, which shall be the sole responsibility of Purchaser.

Seller shall provide for the other construction of the improvements to the Property required under the Plan, exclusive of making the roof conform as specified above, at Seller's cost. These improvements shall be completed not later than six months after closing of the PURCHASE AND SALE AGREEMENT. At closing, a portion of the purchase price equal to One Hundred Twenty Five percent (125%) of the cost of construction of these improvements, measured by the average of the estimates of such cost by the two construction firms, shall remain in escrow until the completion of construction and its approval by the City of Portland. In the event the improvements are not completed within six (6) months following closing, the Purchaser may complete the improvements itself and apply the funds held in escrow to payment for the improvements. All excess funds shall be refunded in full to Seller.

In the event the cost to complete the Plan as submitted by the qualified engineer exceeds \$50,000 the Seller may at the Seller's option, terminate the Purchase and Sale Agreement.

Closing of this proposed sale shall occur on or before April 30, 1993.

Purchaser intends to finance the purchase of the Property through issuance of Certificates of Participation which are subject to legal challenge for a defined period after final administrative approval. In the event that Purchaser is legally enjoined from issuing and selling such Certificates of Participation, Purchaser may terminate this Agreement by written notice to Seller sent or delivered in person not later than April 1, 1993; in the event of such termination, neither Seller nor Purchaser shall have any further obligation to the other hereunder.

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

Seller:

Urban Equities, Inc.

By: _____

Date

Purchaser:

Multnomah County

APPROVED MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-15 DATE 12/29/92
DEB BOGSTAD
BOARD CLERK

By: Gladys McCoy

12/29/92
Date

Reviewed:

**Laurence Kressel, County Counsel
for Multnomah County, Oregon**

By: Peter Lurny

12-22-92

Date

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is made this 27 day of August, 1992 between Urban Equities, Inc., an Oregon corporation (Seller) and Multnomah County, Oregon (Purchaser).

RECITALS

A. Seller owns certain real property (Property) situated in Multnomah County, Oregon and described as follows:

Lots 1 and 2 of Block 8, All of Block 9 and
Lots 1 and 2 of Block 10, Walnut Park Addition
to the City of Portland.

B. Seller desires to sell and Purchaser desires to purchase the Property for the price and upon the terms and conditions recited below.


TERMS AND CONDITIONS

1. Purchase and Sale. Seller agrees to sell to Purchaser and Purchaser agrees to purchase from seller the Property for the price and in accordance with the terms and conditions set forth in this Agreement.

2. Purchase Price and Payment. The purchase price for the Property shall be ONE MILLION, FOUR HUNDRED THOUSAND DOLLARS (\$1,400,000.00), payable in full in cash upon closing.

3. Title. Seller shall furnish to Purchaser, within ten days from the date hereof, a preliminary title report covering the property, to be prepared by Fidelity National Title Company of Oregon (Fidelity); Purchaser shall have ten days from the receipt of said title report to examine the condition of title to the Property and notify Seller of any objections to any exceptions to title shown therein. Failure to notify Seller of any objections to such exceptions within such time shall be deemed approval by Buyer of any exceptions to which Buyer fails to object.

4. Warranty Deed, Title Insurance and Closing Expenses. Upon closing, the Property shall be conveyed by Seller by statutory warranty deed, free of encumbrances except for the approved exceptions as provided in paragraph 3 above. Seller, at its expense, will furnish to Purchaser a standard form of owner's title insurance policy in the amount of the purchase price insuring title to be vested in Purchaser subject only to the usual printed exceptions and the exceptions authorized to be included in the statutory warranty deed. The sale will be closed in escrow by Fidelity and the escrow fees will be shared equally by Seller and Purchaser.



5. Closing Date. Closing will take place by December 31, 1992. Purchaser may select the date for closing (Closing Date) and will give Seller not less than 15 days written notice of the Closing Date. Prior to the Closing Date, each party will deposit with Fidelity the funds, documents and instructions necessary for closing.

6. Prorations.

(a) General. For purposes of calculating prorations, Purchaser shall be deemed to be entitled to the Property, and therefore entitled to the income and responsible for the expenses, commencing on the day after the Closing Date and the reference to the Closing Date in this paragraph 6 shall be construed and applied accordingly.

(b) Operating Cost Pass-Throughs. Operating cost pass-throughs, percentage rentals, additional rentals and other retroactive rental escalations, sums or charges, if any, payable by tenants which accrue as of the Closing Date, but are not then due and payable, shall be prorated as of the Closing Date and shall be paid to the appropriate party when such amounts are collected.

(c) Prepaid Rentals. Rentals received by Seller attributable to periods after the Closing Date and the amounts of any other credits due tenants attributable to periods after the Closing Date shall be credited to Purchaser. Rentals and other amounts received by Purchaser attributable to periods prior to the Closing Date shall be promptly accounted for and paid over by Purchaser to Seller when collected.

(d) Taxes and Assessments. Real property taxes and assessments shall be prorated as of the closing date.

(e) Operating Expenses. All utility service charges for electricity, heat and air conditioning service, other utilities, common area maintenance and other expenses incurred in operating the Property that Seller customarily pays, and any cost incurred in the ordinary course of management and operation of the Property shall be prorated on an accrual basis. Seller shall pay all such expenses that accrue prior to the Closing Date and Purchaser shall pay all such expenses accruing from and after the Closing Date. To the extent possible, Seller and Purchaser shall obtain billings and meter readings as of the Closing Date to aid in such prorations.

(f) Tenant Deposits. Purchaser shall be credited and Seller shall be charged with an amount equal to all refundable tenant deposits being held under the tenant leases as of the Closing Date, including any such deposits made by Purchaser as a tenant prior to the Closing Date.

(g) Service Contracts. Amounts payable under service contracts shall be prorated as of the Closing Date on an accrual basis. Seller shall pay all amounts due thereunder which accrue prior to the Closing Date and Purchase shall pay all amounts

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accruing from and after the Closing Date.

(h) Adjustments. Prorations, if and to the extent known and agreed upon as of the Closing Date, shall be paid by Purchaser to Seller (if the prorations result in a net credit to Seller) or by Seller to Purchaser (if the prorations result in a net credit to Purchaser), by adjusting the cash to be paid by Purchaser for closing. Any such adjustments not determined or not agreed upon as of the Closing Date shall be paid by Purchaser to Seller, or by Seller to Purchaser, as the case may be, in cash as soon as practicable following the closing of escrow.

7. Financing Contingency. Purchaser intends to finance the purchase of the Property through issuance of Certificates of Participation which are subject to legal challenge for a defined period after final administrative approval. In the event that Purchaser is legally enjoined from issuing and selling such Certificates of Participation, Purchaser may terminate this Agreement by written notice to Seller sent or delivered in person not later than November 1, 1992; in the event of such termination, neither Seller nor Purchaser shall have any further obligation to the other hereunder.

8. Condition of Property. No representations as to the condition or repair of the Property have been made by Seller or any agent of Seller except as expressly set forth in this Agreement. No agreement to alter, repair or remove the Property has been made by Seller or by any agent of Seller and except as otherwise herein provided, Purchaser shall take the Property "as is" and in the condition existing at the Closing Date, subject to the condition that the Property shall be in the same condition at the Closing Date as at the time of execution of this Agreement, ordinary wear and tear excepted.

9. Casualty or Condemnation. In the event that prior to the Closing Date condemnation proceedings are commenced against the Property or any part thereof or if the Property or any part thereof is destroyed or damaged and not restored or agreed to be restored by Seller, then, at Purchaser's option, (i) this Agreement shall terminate and neither party shall have any further rights or obligations hereunder, or (ii) the closing shall proceed as provided pursuant to this Agreement and Purchaser shall receive any and all insurance or condemnation proceeds attributable to casualty or condemnation, which proceeds shall not be credited against Purchaser's obligation to pay the purchase price.

10. Brokers. Seller and Purchaser represent to each other that they have not employed or dealt with any real estate brokers, sales persons or finders in connection with this sale and purchase other than Norris & Stevens. Seller will be responsible for the commission due to Norris & Stevens upon closing.

11. Remedies. There is no earnest money in connection with this purchase and sale. In the event of a breach or default by

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either party, the other party shall be entitled to such remedies for breach of contract as may be available under applicable law.

12. Tenant Leases. (a) Attached hereto as Exhibit "A" and by this reference incorporated herein, are all tenant leases of the Property and all amendments and modifications of said leases. Seller warrants and represents to Purchaser that all tenant leases of the Property and all amendments and modifications thereof are disclosed on Exhibit "A".

(b) At closing, Seller shall deliver to Purchaser a duly executed Assignment of Leases assigning to Purchaser all of Seller's right, title and interest in and to all of the tenant leases and tenant deposits.

(c) During the period following the execution of this Agreement to the Closing Date, Seller shall not modify, extend or renew any existing tenant leases or enter into any new tenant leases without first obtaining Purchaser's written approval thereof, which approval shall not be unreasonably withheld or delayed.

13. Assignment. Purchaser may not assign this Agreement or its interest therein without first obtaining prior written consent of Seller, which consent shall not unreasonably withheld.


14. Entire Agreement. This instrument is the entire, final and complete agreement of the parties pertaining to the sale and purchase of the property, and supersedes and replaces all written or oral agreements heretofore made or existing by and between the parties or their representatives insofar as the Property is concerned. Neither party shall be bound by any promises, representations or agreements except as are herein expressly set forth.

15. Notices. Any notice required or permitted under this Agreement shall be in writing and shall be deemed given when actually delivered in person or forty eight (48) hours after having been deposited in the United States mail as certified or registered mail addressed as follows:

Seller: Urban Equities, Inc.
c/o Norris & Stevens
610 S.W. Broadway
Portland, OR 97205

Purchaser: Multnomah County
Property Management
2505 S.E. 11th Ave.
Portland, OR 97202

16. Attorney Fees. In the event any controversy or claim arises under this Agreement, the prevailing party shall be entitled to its reasonable costs, disbursements and attorney fees together with all expenses which it may reasonable incur in taking such action, including but not limited to costs incurred in searching records, expert witnesses and consulting fees, discovery depositions whether or not introduced into evidence in the trial, hearing or other proceeding and travel expenses in any arbitration, trial or other proceeding, including any proceeding brought to enforce an award to judgement and any and all appeals taken



therefrom.

17. Nonwaiver. Failure by either party at any time to require performance by the other party of any of the provisions hereof shall in no way affect the party's rights hereunder to enforce the same, nor shall any waiver by the party of the breach hereof be held to be a waiver of any succeeding breach or a waiver of this nonwaiver clause.

18. No Merger. The obligations set forth in this Agreement shall not merge with the transfer or conveyance of title to any party of the Property but shall remain in effect until fulfilled.

19. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Oregon.

20. Captions. All captions and paragraph headings used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Agreement.

21. Binding Effect. The covenants, conditions and terms of this Agreement shall extend to and be binding upon and inure to the benefit of the successors and assigns of the parties hereto, subject to the restrictions on assignment as set forth in paragraph 13 above.

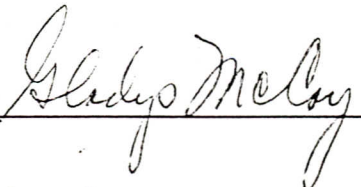
22. Required Notice. This instrument will not allow use of the property described in this instrument in violation of applicable land use laws and regulations. Before signing or accepting this instrument, the person acquiring fee title to the Property should check with the appropriate city or county planning department to verify approved uses.

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

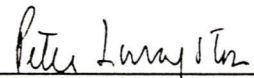
Seller:
Urban Equities, Inc.

By 
President

Purchaser:
Multnomah County

By 

Reviewed:
LAURENCE KRESSEL, COUNTY COUNSEL
FOR MULTNOMAH COUNTY, OREGON

By 

APPROVED MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-15 DATE 12/29/92
DEB BOGSTAD
BOARD CLERK

Exhibit A**OFFICE LEASE**

This lease, made and entered into at Portland, Oregon, this

day of

June 28, 19 90, by and between

LANDLORD: URBAN EQUITIES, INC.

and TENANT: CENTER FOR COMMUNITY MENTAL HEALTH, an Oregon
non-profit corporation.Landlord hereby leases to Tenant the following: approximately 4,725 square feet
of office space on the ground floor, as set forth in attached
Exhibit A. (the

Premises in the Walnut Park Building

building

(the Building) at 5305 N.E. M.L. King, Jr. Blvd., Portland, Oregon
(building address)

Portland, Oregon, for a term commencing September 1,

, 19 90 .

and continuing through June 30

, 1995 ; at a Base Rental of

\$ 3,694.00 (see Exhibit B)

(U.S.) per month payable in advance on the 1st day

of each month commencing September 1

, 19 90 .

Landlord and Tenant covenant and agree as follows:

1.1 Delivery of Possession

Should Landlord be unable to deliver possession of the Premises on the date fixed for the commencement of the term, commencement will be deferred and Tenant shall owe no rent until notice from Landlord tendering possession to Tenant. If possession is not so tendered within 90 days following commencement of the term, then Tenant may elect to cancel this lease by notice to Landlord within 10 days following expiration of the 90-day period. Landlord shall have no liability to Tenant for delay in delivering possession, nor shall such delay extend the term of this lease in any manner.

2.1 Rent Payment

Tenant shall pay the Base Rent for the Premises and any additional rent provided herein without deduction or offset. Rent for any partial month during the lease term shall be prorated to reflect the number of days during the month that Tenant occupies the Premises. Additional rent means amounts determined under paragraphs 19.1 and 19.3 of this Lease and any other sums payable by Tenant to Landlord under this Lease. Rent not paid when due shall bear interest at the rate of one-and-one-half percent per month until paid. Landlord may at its option impose a late charge of \$.05 for each \$1 of rent for rent payments made more than 10 days late in lieu of interest for the first month of delinquency, without waiving any other remedies available for default. **

3.1 Lease Consideration

Upon execution of the lease Tenant has paid the Base Rent for the first full month of the lease term for which rent is payable and in addition has paid the sum of \$ See Exhibit B as lease consideration. Landlord may apply the lease consideration to pay the cost of performing any obligation which Tenant fails to perform within the time required by this lease, but such application by Landlord shall not be the exclusive remedy for Tenant's default. If the lease consideration is applied by Landlord, Tenant shall on demand pay the sum necessary to replenish the lease consideration to its original amount. To the extent not applied by Landlord to cure defaults by Tenant, the lease consideration shall be applied against the rent payable for the last month of the term. The lease consideration shall not be refundable.

as set forth in Ex.B

** if tax exemption obtained

Please initial

Landlord

Tenant

4.1 Use

Tenant shall use the Premises as business offices for health facility and for no other purpose without Landlord's written consent. In connection with its use, Tenant shall at its expense promptly comply with all applicable laws, ordinances, rules and regulations of any public authority and shall not annoy, obstruct, or interfere with the rights of other tenants of the Building. Tenant shall create no nuisance nor allow any objectionable fumes, noise, or vibrations to be emitted from the Premises. Tenant shall not conduct any activities that will increase Landlord's insurance rates for any portion of the Building or that will in any manner degrade or damage the reputation of the Building.

4.2 Equipment

Tenant shall install in the Premises only such office equipment as is customary for general office use and shall not overload the floors or electrical circuits of the Premises or Building or alter the plumbing or wiring of the Premises or Building. Landlord must approve in advance the location and manner of installing any electrical, heat generating or communication equipment or exceptionally heavy articles. Any additional air conditioning required because of heat generating equipment or special lighting installed by Tenant shall be installed and operated at Tenant's expense.

4.3 Signs

No signs, awnings, antennas, or other apparatus shall be painted on or attached to the Building or anything placed on any glass or woodwork of the Premises or positioned so as to be visible from outside the Premises without Landlord's written approval as to design, size, location, and color. All signs installed by Tenant shall comply with Landlord's standards for signs and all applicable codes and all signs and sign hardware shall be removed upon termination of this lease with the sign location restored to its former state unless Landlord elects to retain all or any portion thereof.

5.1 Utilities and Services

Landlord will furnish heat, electricity, elevator service, and if the Premises are air conditioned, air conditioning during the normal Building hours of 8:00 AM to 6:00 PM, Monday through Friday, except holidays and 8:00 AM to 12:00 noon Saturdays, except holidays. Janitorial service will be provided in accordance with the regular schedule of the Building, which schedule and service may change from time to time. Tenant shall comply with all government laws or regulations regarding the use or reduction of use of utilities on the Premises. Interruption of services or utilities shall not be deemed an eviction or disturbance of Tenant's use and possession of the Premises, render Landlord liable to Tenant for damages, or relieve Tenant from performance of Tenant's obligations under this lease, but Landlord shall take all reasonable steps to correct any interruptions in service. Electrical service furnished will be 110 volts unless different service already exists in the Premises.

5.2 Extra Usage

If Tenant uses excessive amounts of utilities or services of any kind because of operation outside of normal Building hours, high demands from office machinery and equipment, nonstandard lighting, or any other cause, Landlord may impose a reasonable charge for supplying such extra utilities or services, which charge shall be payable monthly by Tenant in conjunction with rent payments. In case of dispute over any extra charge under this paragraph, Landlord shall designate a qualified independent engineer whose decision shall be conclusive on both parties. Landlord and Tenant shall each pay one-half of the cost of such determination.

6.1 Maintenance and Repair

Landlord shall have no liability for failure to perform required maintenance and repair unless written notice of the needed maintenance or repair is given by Tenant and Landlord fails to commence efforts to remedy the problem in a reasonable time and manner. Landlord shall have the right to erect scaffolding and other apparatus necessary for the purpose of making repairs, and Landlord shall have no liability for interference with Tenant's use because of repairs and installations. Tenant shall have no claim against Landlord for any interruption or reduction of services or interference with Tenant's occupancy, and no such interruption or reduction shall be construed as a constructive or other eviction of Tenant. Repair of damage caused by negligent or intentional acts or breach of this lease by Tenant, its employees or invitees shall be at Tenant's expense.

6.2 Alterations

Tenant shall not make any alterations, additions, or improvements to the Premises, change the color of the interior, or install any wall or floor covering without Landlord's prior written consent. Any such additions, alterations, or improvements, except for removable machinery and unattached movable trade fixtures, shall at once become part of the realty and belong to Landlord. Landlord may at its option require that Tenant remove any alterations and restore the Premises to the original condition upon termination of this lease. Landlord shall have the right to approve the contractor used by Tenant for any work in the Premises, and to post notices of nonresponsibility in connection with any work being performed by Tenant in the Premises.

7.1 Indemnity

Tenant shall not allow any liens to attach to the Building or Tenant's interest in the Premises as a result of its activities. Tenant shall indemnify and defend Landlord from any claim, liability, damage, or loss occurring on the Premises, arising out of any activity by Tenant, its agents, or invitees or resulting from Tenant's failure to comply with any term of this lease. Landlord shall have no liability to Tenant because of loss or damage caused by the acts or omissions of other Tenants of the Building, or by third parties.

7.2 Insurance

Tenant shall carry liability insurance with the following limits: \$1,000,000 combined single limits which insurance shall have an endorsement naming Landlord and Landlord's agent, if any, as an insured and covering the liability insured under paragraph 7.1 of this lease. Tenant shall furnish a certificate evidencing such insurance which shall state that the coverage shall not be cancelled or materially changed without 10 days' advance notice to Landlord and Landlord's agent, if any, and a renewal certificate shall be furnished at least 10 days prior to expiration of any policy.

8.1 Fire or Casualty

"Major Damage" means damage by fire or other casualty to the Building or the Premises which causes the Premises or any substantial portion of the Building to be unusable, or which will cost more than 25 percent of the pre-damage value of the Building to repair, or which is not covered by insurance. In case of Major Damage, Landlord may elect to terminate this lease by notice in writing to Tenant within 30 days after such date. If this lease is not terminated following Major Damage, or if damage occurs which is not Major Damage, Landlord shall promptly restore the Premises to the condition existing just prior to the damage. Tenant shall promptly restore all damage to tenant improvements or alterations installed by Tenant or pay the cost of such restoration to Landlord if Landlord elects to do the restoration of such improvements. Rent shall be reduced from the date of damage until the date restoration work being performed by Landlord is substantially complete, with the reduction to be in proportion to the area of the Premises not useable by Tenant.

8.2 Waiver of Subrogation

Tenant shall be responsible for insuring its personal property and trade fixtures located on the Premises and any alterations or tenant improvements it has made to the Premises. Neither Landlord nor Tenant shall be liable to the other for any loss or damage caused by water damage, sprinkler leakage, or any of the risks that are or could be covered by a standard all risk insurance policy with an extended coverage endorsement, or for any business interruption, and there shall be no subrogated claim by one party's insurance carrier against the other party arising out of any such loss.

9.1 Eminent Domain

If a condemning authority takes title by eminent domain or by agreement in lieu thereof to the entire Building or a portion sufficient to render the Premises unsuitable for Tenant's use, then either party may elect to terminate this lease effective on the date that possession is taken by the condemning authority. Rent shall be reduced for the remainder of the term in an amount proportionate to the reduction in area of the Premises caused by the taking. All condemnation proceeds shall belong to Landlord, and Tenant shall have no claim against Landlord or the condemnation award because of the taking.

10.1 Assignment and Subletting

This lease shall bind and inure to the benefit of the parties, their respective heirs, successors, and assigns, provided that Tenant shall not assign its interest under this lease or sublet all or any portion of the Premises without first obtaining Landlord's consent in writing. This provision shall apply to all transfers by operation of law including but not limited to mergers and changes in control of Tenant. No assignment shall relieve Tenant of its obligation to pay rent or perform other obligations required by this lease, and no consent to one assignment or subletting shall be a consent to any further assignment or subletting. Landlord shall not unreasonably withhold its consent to any assignment, or to subletting provided the subrental rate or effective rental paid by the assignee is not less than the current scheduled rental rate of the Building for comparable space and the proposed Tenant is compatible with Landlord's normal standards for the Building. If Tenant proposes a subletting or assignment to which Landlord is required to consent under this paragraph, Landlord shall have the option of terminating this lease and dealing directly with the proposed subtenant or assignee, or any third party. If an assignment or subletting is permitted, any cash profit, or the net value of any other consideration received by Tenant as a result of such transaction shall be paid to Landlord promptly following its receipt by Tenant. Tenant shall pay any costs incurred by Landlord in connection with a request for assignment or subletting, including reasonable attorneys' fees.

11.1 Default

Any of the following shall constitute a default by Tenant under this lease:

(a) Tenant's failure to pay rent or any other charge under this lease within 10 days after it is due, or failure to comply with any other term or condition within 20 days following written notice from Landlord specifying the noncompliance. If such noncompliance cannot be cured within the 20-day period, this provision shall be satisfied if Tenant commences correction within such period and thereafter proceeds in good faith and with reasonable diligence to effect compliance as soon as possible. Time is of the essence of this lease.

(b) Tenant's insolvency, business failure or assignment for the benefit of its creditors. Tenant's commencement of proceedings under any provision of any bankruptcy or insolvency law or failure to obtain dismissal of any petition filed against it under such laws within the time required to answer; or the appointment of a receiver for Tenant's properties.

(c) Assignment or subletting by Tenant in violation of paragraph 10.1.

(d) Vacation or abandonment of the Premises without the written consent of Landlord.

11.2 Remedies for Default

In case of default as described in paragraph 11.1 Landlord shall have the right to the following remedies which are intended to be cumulative and in addition to any other remedies provided under applicable law:

(a) Landlord may terminate the lease and retake possession of the Premises. Following such retaking of possession, efforts by Landlord to relet the Premises shall be sufficient if Landlord follows its usual procedures for finding tenants for the space at rates not less than the current rates for other comparable space in the Building. If Landlord has other vacant space in the Building, prospective tenants may be placed in such other space without prejudice to Landlord's claim to damages or loss of rentals from Tenant.

(b) Landlord may recover all damages caused by Tenant's default which shall include an amount equal to rentals lost because of the default, lease commissions paid for this lease, and the unamortized cost of any tenant improvements installed by Landlord to meet Tenant's special requirements. Landlord may sue periodically to recover damages as they occur throughout the lease term, and no action for accrued damages shall bar a later action for damages subsequently accruing. Landlord may elect in any one action to recover accrued damages plus damages attributable to the remaining term of the lease. Such damages shall be measured by the difference between the rent under this lease and the reasonable rental value of the Premises for the remainder of the term, discounted to the time of judgement at the prevailing interest rate on judgements.

(c) Landlord may make any payment or perform any obligation which Tenant has failed to perform, in which case Landlord shall be entitled to recover from Tenant upon demand all amounts so expended, plus interest from the date of the expenditure at the rate of one-and-one-half percent per month. Any such payment or performance by Landlord shall not waive Tenant's default.

12.1 Surrender

On expiration or early termination of this lease Tenant shall deliver all keys to Landlord and surrender the Premises broom clean and in the same condition as at the commencement of the term subject only to reasonable wear from ordinary use. Tenant shall remove all of its furnishings and trade fixtures that remain its property and restore all damage resulting from such removal. Failure to remove shall be an abandonment of the property, and Landlord may dispose of it in any manner without liability. If Tenant fails to vacate the Premises when required, including failure to remove all its personal property, Landlord may elect either: (i) to treat Tenant as a tenant from month to month, subject to the provisions of this lease except that rent shall be one-and-one-half times the total rent being charged when the lease term expired; or (ii) to eject Tenant from the Premises and recover damages caused by wrongful holdover.

13.1 Regulations

Landlord shall have the right (but shall not be obligated) to make, revise and enforce regulations or policies consistent with this lease for the purpose of promoting safety, order, economy, cleanliness, and good service to all tenants of the Building. All such regulations and policies shall be complied with as if part of this lease.

14.1 Access

During times other than normal Building hours Tenant's officers and employees or those having business with Tenant may be required to identify themselves or show passes in order to gain access to the Building. Landlord shall have no liability for permitting or refusing to permit access by anyone. Landlord shall have the right to enter upon the Premises at any time by passkey or otherwise to determine Tenant's compliance with this lease, to perform necessary services, maintenance and repairs to the Building or the Premises, or to show the Premises to any prospective tenant or purchasers. Except in case of emergency such entry shall be at such times and in such manner as to minimize interference with the reasonable business use of the Premises by Tenant.

14.2 Furniture and Bulky Articles

Tenant shall move furniture and bulky articles in and out of the Building or make independent use of the elevators only at times approved by Landlord following at least 24 hours' written notice to Landlord of the intended move. Landlord will not unreasonably withhold its consent under this paragraph.

15.1 Notices

Notices between the parties relating to this lease shall be in writing, effective when delivered, or if mailed, effective on the second day following mailing, postage prepaid, to the address for the party stated in this lease or to such other address as either party may specify by notice to the other. Notice to Tenant may always be delivered to the Premises. Rent shall be payable to Landlord at the same address and in the same manner, but shall be considered paid only when received.

16.1 Subordination

This lease shall be subject and subordinate to any mortgages, deeds of trust, or land sale contracts (hereafter collectively referred to as encumbrances) now existing against the Building. At Landlord's option this lease shall be subject and subordinate to any future encumbrance hereafter placed against the Building (including the underlying land) or any modifications of existing encumbrances, and Tenant shall execute such documents as may reasonably be requested by Landlord or the holder of the encumbrance to evidence this subordination.

16.2 Transfer of Building

If the Building is sold or otherwise transferred by Landlord or any successor, Tenant shall attorn to the purchaser or transferee and recognize it as the lessor under this lease, and, provided the purchaser assumes all obligations hereunder, the transferor shall have no further liability hereunder.

16.3 Estoppels

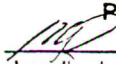
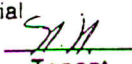
Either party will within 20 days after notice from the other execute, acknowledge and deliver to the other party a certificate certifying whether or not this lease has been modified and is in full force and effect; whether there are any modifications or alleged breaches by the other party; the dates to which rent has been paid in advance, and the amount of any security deposit or prepaid rent; and any other facts that may reasonably be requested. Failure to deliver the certificate within the specified time shall be conclusive upon the party of whom the certificate was requested that the lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate. If requested by the holder of any encumbrance, or any ground lessor, Tenant will agree to give such holder or lessor notice of and an opportunity to cure any default by Landlord under this lease.

17.1 Attorneys' Fees

In any litigation arising out of this lease, the prevailing party shall be entitled to recover attorneys' fees at trial and on any appeal.

18.1 Quiet Enjoyment

Landlord warrants that so long as Tenant complies with all terms of this lease it shall be entitled to peaceable and undisturbed possession of the Premises free from any eviction or disturbance by Landlord. Landlord shall have no liability to Tenant for loss or damages arising out of the acts of other tenants of the Building or third parties, nor any liability for any reason which exceeds the value of its interest in the Building.

Please initial
 Landlord
 Tenant

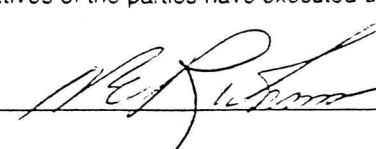
- 19.1 **Additional Rent-Tax Adjustment** Whenever for any calendar year the real property taxes levied against the Building and its underlying land (and any tax levied wholly or partially in lieu thereof) exceed those levied during the calendar year in which this lease commenced, then the monthly rental for the next succeeding calendar year shall be increased by one-twelfth of such tax increase times Tenant's proportionate share. "Real property taxes" as used herein means all taxes and assessments of any public authority against the Building and the land on which it is located and the cost of contesting any tax. If any portion of the Building is occupied by a tax-exempt tenant so that the Building has a partial tax exemption under ORS 307.112 or a similar statute, then real property taxes shall mean taxes computed as if such partial exemption did not exist. If a separate assessment or identifiable tax increase arises because of improvements to the Premises, then Tenant shall pay 100 percent of such increase.
- 19.2 **Tenant's Proportionate Share** "Tenant's proportionate share" as used herein means the area of the Premises, divided by the total area of the Building (not including basement storage space), with area determined using one of the methods of building measurement defined by the Building Owners and Managers Association (BOMA). Tenant's proportionate share as of the lease commencement date shall be 10.4% percent.
- 19.3 **Additional Rent-Cost-of-Living Adjustment** On each anniversary date of this lease, the Landlord shall adjust the base rental in the same percentage as the increase, if any, in the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics. The change shall be computed by comparing the schedule entitled "U.S. City Average, All Items, All Urban Consumers, 1982 - 84 = 100" for the latest available month preceding the month in which the lease term commenced with the same figure for the same month in the years for which the adjustment is computed. All comparisons shall be made using index figures derived from the same base period and in no event shall this provision operate to decrease the monthly rental for the Premises below the initial stated monthly rental, plus property tax adjustment as stated above. If the index cited above is revised or discontinued during the term of this Lease then the index that is designated by the Portland Metropolitan Association of Building Owners and Managers to replace it shall be used.
- 20.1 **Complete Agreement** This lease and the attached Exhibits and Schedules if any, constitute the entire agreement of the parties and supersede all prior written and oral agreements and representations. Neither Landlord nor Tenant is relying on any representations other than those expressly set forth herein.

ADDENDUM TO LEASE ATTACHED AS EXHIBIT B

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this lease as of the day and year first written above.

LANDLORD:

Address for notices: 1755 West
Broadway, #407, Vancouver,
B.C. V6J 4S5 CANADA

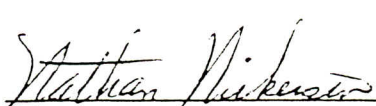
By 

Name: Harvey E. Richman

Title: President

TENANT:

Address for notices: 5305 N.E. Martin
Luther King Jr. Boulevard
Portland, Oregon 97211

By 

Name: Nathan Nickerson

Title: Ex. Director

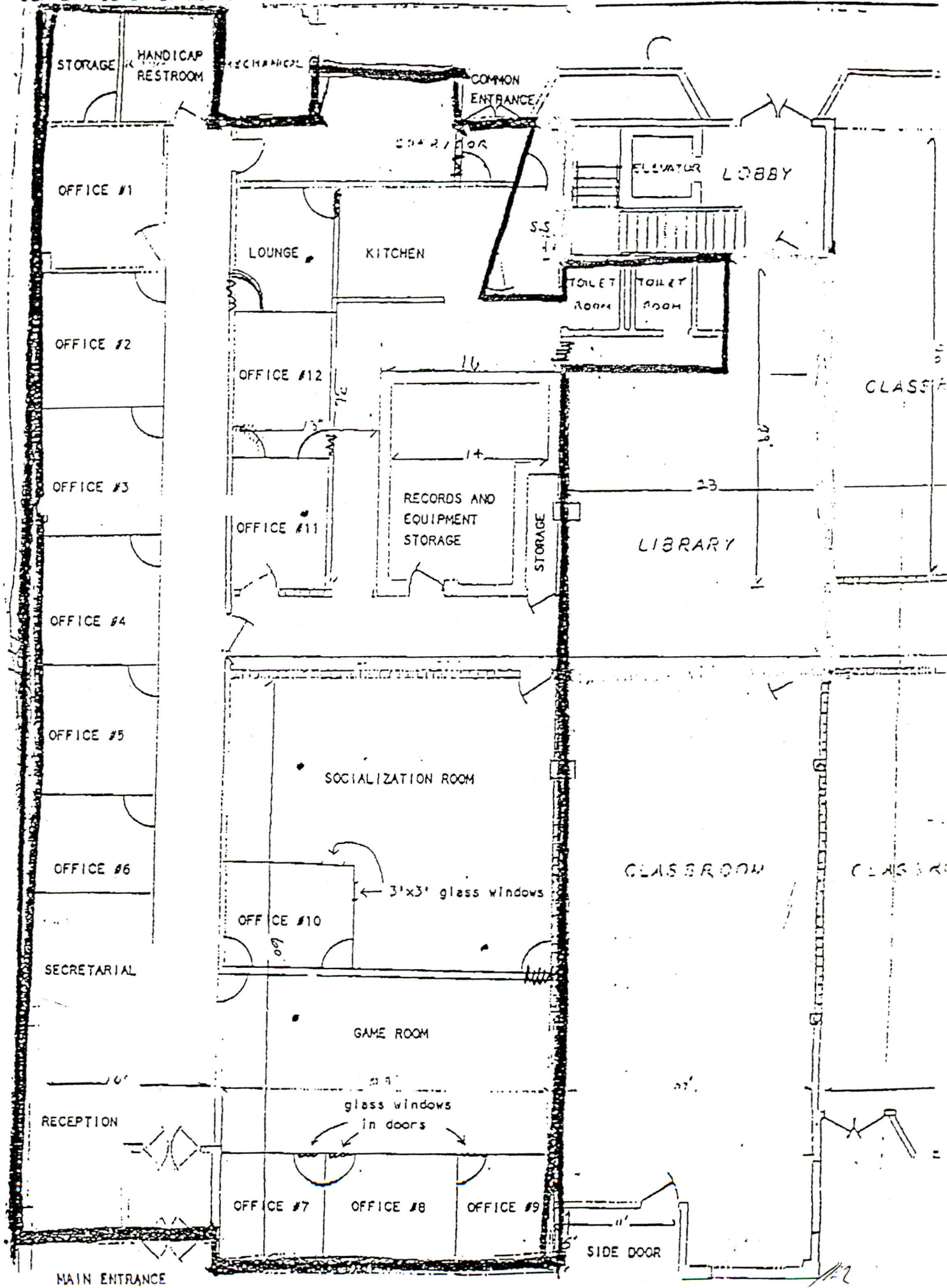


EXHIBIT B
ADDENDUM TO LEASE

1. The monthly rent for the term of the Lease is \$3,694. Tenant represents it is an Oregon non-profit corporation and is going to attempt to obtain tax-exempt status with regard to payment of ad valorem real property taxes, pursuant to ORS Chapters 307 and 311, as Tenant of the property, effective the 1991 tax year and for each year thereafter for the duration of the Lease term. If Tenant obtains this status, and for so long as Tenant retains this status, Landlord shall provide Tenant with a monthly credit against rent equal to 1/12 of the estimated reduction in annual ad valorem real property taxes attributable to the premises. On December 1st of each year or as soon thereafter as possible, Landlord shall compute the actual amount of reduction in property taxes for that tax year (July 1st through June 30th). In the event that the credit previously allowed to Tenant was too high, Landlord will bill Tenant for any deficiency, which Tenant shall pay within ten (10) days of billing. In the event the credit previously allowed Tenant was too low, Landlord shall give Tenant credit for this amount in the month of December. The parties agree that, based on the records of Multnomah County, the premises comprise 10.4% of the Walnut Park Building.

2. Provided Tenant is not then in default, rent will be abated for the month of August, 1991, and Tenant will not be entitled to the tax credit for that month.

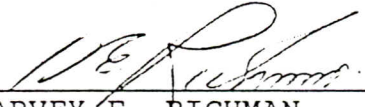
3. Tenant has paid Landlord the sum of \$16,300. Of this sum, the amount of \$3,260 is for rent for the first full month of the Lease. Provided Tenant is not then in default and Landlord has not applied any sum to cure the default, Landlord shall apply the sum of \$3,260 against the rent for each of the following months: September, 1990; July, 1991; July, 1992; August, 1992 and June, 1995. Landlord shall not be required to segregate any portion of the initial sum paid from any of its other funds. The sum retained by Landlord and not applied against the rent as specified above shall bear interest at the rate of 8½% per annum, computed as simple interest. In January of each year of the Lease term, Landlord shall compute the interest for the preceding year of the Lease term and give Tenant a credit equal to that amount against the January rent. In June, 1995, Landlord shall compute interest for the period of time from January 1, 1995 through May 31, 1995, and shall credit that amount against the June, 1995 rent. If the credit exceeds the amount owing, Landlord shall refund the balance.

4. In the event the State of Oregon vacates its present

premises in the Walnut Park Building, Landlord will provide Tenant with 15 parking spaces, of which 12 will be in one of the parking lots immediately surrounding the building. The parking spaces for Tenant's use will not be specifically reserved for Tenant's use, but will be among the general unmarked spaces in the lots. In the event the state does not vacate, Landlord will provide Tenant with 15 unreserved parking spaces in a lot not immediately surrounding the building. If Landlord decides that parking spaces are available in lots surrounding the building, Landlord will provide up to 12 of the 15 spaces in those lots.

DATED: 6/28/90

URBAN EQUITIES, INC.



HARVEY E. RICHMAN
President

DATED: 6/28/90

CENTER FOR COMMUNITY MENTAL
HEALTH



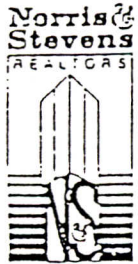
By :
Its:

EXHIBIT C

Tenant Improvements

1. Twelve private offices as shown on the space plan.
2. Kitchen: electrical for hot water heater, coffee maker, microwave, range and refrigerator; approximately six new wall outlets and vent for range; and ten feet of cabinets with formica, as shown on space plan.
3. Three of the office doors have relites as indicated on the space plan.
4. Lounge as shown on the space plan.
5. Three restrooms, one handicapped accessible, as shown on the space plan.
6. Reception/secretarial area as shown on the space plan.
7. Game room as shown on the space plan.
8. Socialization room as shown on the space plan.
9. Records/storage area as shown on the space plan.
10. Plumbing for a washer as shown on the space plan.
11. Electrical for washer/dryer and venting for a dryer in the storage room next to the handicapped restroom, as show on the space plan.

OFFICE LEASE



This lease, made and entered into at Portland, Oregon, this 28th day of

June, 1992 by and between

LANDLORD: URBAN EQUITIES, INC.

and

TENANT: A. A. "ANDY" ANDERSON

Landlord hereby leases to Tenant the following: approximately 650 square feet

(the Premises)

in Walnut Park Building

(the Building)

at 5309 N.E. MLK Jr., Portland, Oregon, for a term commencing, July 1, 1992

and continuing through June 30, 1997 at a Monthly Base Rental as follows:

See attached addendum

Rent is payable in advance on the 1 day of each month commencing, 1992, July 1


Landlord and Tenant covenant and agree as follows:

1.1 Delivery of Possession. Should Landlord be unable to deliver possession of the Premises on the date fixed for the commencement of the term, commencement will be deferred and Tenant shall owe no rent until notice from Landlord tendering possession to Tenant. If possession is not so tendered within 90 days following commencement of the term, then Tenant may elect to cancel this lease by notice to Landlord within 10 days following expiration of the 90-day period. Landlord shall have no liability to Tenant for delay in delivering possession, nor shall such delay extend the term of this lease in any manner.

2.1 Rent Payment. Tenant shall pay the Base Rent for the Premises and any additional rent provided herein without deduction or offset. Rent for any partial month during the lease term shall be prorated to reflect the number of days during the month that Tenant occupies the Premises. Additional rent means amounts determined under Section 19 of this lease and any other sums payable by Tenant to Landlord under this lease. Rent not paid when due shall bear interest at the rate of one-and-one-half percent per month until paid. Landlord may at its option impose a late charge of \$.05 for each \$1 of rent for rent payments made more than 10 days late in lieu of interest for the first month of delinquency, without waiving any other remedies available for default. Failure to impose a late charge shall not be a waiver of Landlord's rights hereunder.

3.1 Lease Consideration. Upon execution of the lease Tenant has paid the Base Rent for the first full month of the lease term for which rent is payable and in addition has paid the sum of \$ N/A

as lease consideration. Landlord may apply the lease consideration to pay the cost of performing any obligation which Tenant fails to perform within the time required by this lease, but such application by Landlord shall not be the exclusive remedy for Tenant's default. If the lease consideration is applied by Landlord, Tenant shall on demand pay the sum necessary to replenish the lease consideration to its original amount. To the extent not applied by Landlord to cure defaults by Tenant, the lease consideration shall be applied against the rent payable for the last month of the term. The lease consideration shall not be refundable.




Landlord

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Tenant

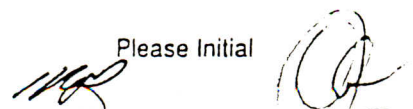
- 4.1 Use.** Tenant shall use the Premises as business for and for no other purpose without Landlord's written consent. In connection with its use, Tenant shall at its expense promptly comply with all applicable laws, ordinances, rules and regulations of any public authority and shall not annoy, obstruct, or interfere with the rights of other tenants of the Building. Tenant shall create no nuisance nor allow any objectionable fumes, noise, or vibrations to be emitted from the Premises. Tenant shall not conduct any activities that will increase Landlord's insurance rates for any portion of the Building or that will in any manner degrade or damage the reputation of the Building.
- 4.2 Equipment.** Tenant shall install in the Premises only such office equipment as is customary for general office use and shall not overload the floors or electrical circuits of the Premises or Building or alter the plumbing or wiring of the Premises or Building. Landlord must approve in advance the location of and manner of installing any wiring or electrical, heat generating or communication equipment or exceptionally heavy articles. All telecommunications equipment, conduit, cables and wiring and any additional air conditioning required because of heat generating equipment or special lighting installed by Tenant shall be installed and operated at Tenant's expense.
- 4.3 Signs.** No signs, awnings, antennas, or other apparatus shall be painted on or attached to the Building or anything placed on any glass or woodwork of the Premises or positioned so as to be visible from outside the Premises without Landlord's written approval as to design, size, location, and color. All signs installed by Tenant shall comply with Landlord's standards for signs and all applicable codes and all signs and sign hardware shall be removed upon termination of this lease with the sign location restored to its former state unless Landlord elects to retain all or any portion thereof.
- 5.1 Utilities and Services.** Landlord will furnish water, electricity and ~~elevator service~~ and, during the normal Building hours of 8:00 AM to 6:00 PM Monday through Friday except holidays, will furnish heat and air conditioning (if the Building is air conditioned). Janitorial service will be provided in accordance with the regular schedule of the Building, which schedule and service may change from time to time. Tenant shall comply with all government laws or regulations regarding the use or reduction of use of utilities on the Premises. Interruption of services or utilities shall not be deemed an eviction or disturbance of Tenant's use and possession of the Premises, render Landlord liable to Tenant for damages, or relieve Tenant from performance of Tenant's obligations under this lease. Landlord shall take all reasonable steps to correct any interruptions in service. Electrical service furnished will be 110 volts unless different service already exists in the Premises. Tenant shall provide its own surge protection for power furnished to computers.
- 5.2 Extra Usage.** If Tenant uses excessive amounts of utilities or services of any kind because of operation outside of normal Building hours, high demands from office machinery and equipment, nonstandard lighting, or any other cause, Landlord may impose a reasonable charge for supplying such extra utilities or services, which charge shall be payable monthly by Tenant in conjunction with rent payments. In case of dispute over any extra charge under this paragraph, Landlord shall designate a qualified independent engineer whose decision shall be conclusive on both parties. Landlord and Tenant shall each pay one-half of the cost of such determination.
- 6.1 Maintenance and Repair.** Landlord shall have no liability for failure to perform required maintenance and repair unless written notice of such maintenance or repair is given by Tenant and Landlord fails to commence efforts to remedy the problem in a reasonable time and manner. Landlord shall have the right to erect scaffolding and other apparatus necessary for the purpose of making repairs, and Landlord shall have no liability for interference with Tenant's use because of repairs and installations. Tenant shall have no claim against Landlord for any interruption or reduction of services or interference with Tenant's occupancy, and no such interruption or reduction shall be construed as a constructive or other eviction of Tenant. Repair of damage caused by negligent or intentional acts or breach of this lease by Tenant, its employees or invitees shall be at Tenant's expense.
- 6.2 Alterations.** Tenant shall not make any alterations, additions, or improvements to the Premises, change the color of the interior, or install any wall or floor covering without Landlord's prior written consent. Any such improvements, alterations, wiring, cables or conduit installed by Tenant shall at once become part of the Premises and belong to Landlord except for removable machinery and unattached movable trade fixtures. Landlord may at its option require that Tenant remove any improvements, alterations, wiring, cables or conduit installed by Tenant and restore the Premises to the original condition upon termination of this lease. Landlord shall have the right to approve the contractor used by Tenant for any work in the Premises, and to post notices of nonresponsibility in connection with work being performed by Tenant in the Premises.

Please Initial

- 7.1 **Indemnity.** Tenant shall not allow any liens to attach to the Building or Tenant's interest in the Premises as a result of its activities. Tenant shall indemnify and defend Landlord and its managing agents from any claim, liability, damage, or loss occurring on the Premises, arising out of any activity by Tenant, its agents, or invitees or resulting from Tenant's failure to comply with any term of this lease. Neither Landlord nor its managing agent shall have any liability to Tenant because of loss or damage to Tenant's property or for death or bodily injury caused by the acts or omissions of other Tenants of the Building, or by third parties (including criminal acts).
- 7.2 **Insurance.** Tenant shall carry liability insurance with limits of not less than One Million Dollars (\$1,000,000) combined single limit bodily injury and property damage which insurance shall have an endorsement naming Landlord and Landlord's managing agent, if any, as an additional insured and covering the liability insured under paragraph 7.1 of this lease. Tenant shall furnish a certificate evidencing such insurance which shall state that the coverage shall not be cancelled or materially changed without 10 days advance notice to Landlord and Landlord's managing agent, if any. A renewal certificate shall be furnished at least 10 days prior to expiration of any policy.
- 8.1 **Fire or Casualty.** "Major Damage" means damage by fire or other casualty to the Building or the Premises which causes the Premises or any substantial portion of the Building to be unusable, or which will cost more than 25 percent of the pre-damage value of the Building to repair, or which is not covered by insurance. In case of major damage, Landlord may elect to terminate this lease by notice in writing to Tenant within 30 days after such date. If this lease is not terminated following Major Damage, or if damage occurs which is not Major Damage, Landlord shall promptly restore the Premises to the condition existing just prior to the damage. Tenant shall promptly restore all damage to tenant improvements or alterations installed by Tenant or pay the cost of such restoration to Landlord if Landlord elects to do the restoration of such improvements. Rent shall be reduced from the date of damage until the date restoration work being performed by Landlord is substantially complete, with the reduction to be in proportion to the area of the Premises not useable by Tenant.
- 8.2 **Waiver of Subrogation.** Tenant shall be responsible for insuring its personal property and trade fixtures located on the Premises and any alterations or tenant improvements it has made to the Premises. Neither Landlord, its managing agent nor Tenant shall be liable to the other for any loss or damage caused by water damage, sprinkler leakage, or any of the risks that are or could be covered by a standard all risk insurance policy with an extended coverage endorsement, or for any business interruption, and there shall be no subrogated claim by one party's insurance carrier against the other party arising out of any such loss.
- 9.1 **Eminent Domain.** If a condemning authority takes title by eminent domain or by agreement in lieu thereof to the entire Building or a portion sufficient to render the Premises unsuitable for Tenant's use, then either party may elect to terminate this lease effective on the date that possession is taken by the condemning authority. Rent shall be reduced for the remainder of the term in an amount proportionate to the reduction in area of the Premises caused by the taking. All condemnation proceeds shall belong to Landlord, and Tenant shall have no claim against Landlord or the condemnation award because of the taking.
- 10.1 **Assignment and Subletting.** This lease shall bind and inure to the benefit of the parties, their respective heirs, successors, and assigns, provided that Tenant shall not assign its interest under this lease or sublet all or any portion of the Premises without first obtaining Landlord's consent in writing. This provision shall apply to all transfers by operation of law including but not limited to mergers and changes in control of Tenant. No assignment shall relieve Tenant of its obligation to pay rent or perform other obligations required by this lease, and no consent to one assignment or subletting shall be a consent to any further assignment or subletting. Landlord shall not unreasonably withhold its consent to any assignment or subletting provided the effective rental paid by the subtenant or assignee is not less than the current scheduled rental rate of the Building for comparable space and the proposed Tenant is compatible with Landlord's normal standards for the Building. If Tenant proposes a subletting or assignment to which Landlord is required to consent under this paragraph, Landlord shall have the option of terminating this lease and dealing directly with the proposed subtenant or assignee, or any third party. If an assignment or subletting is permitted, any cash profit, or the net value of any other consideration received by Tenant as a result of such transaction shall be paid to Landlord promptly following its receipt by Tenant. Tenant shall pay any costs incurred by Landlord in connection with a request for assignment or subletting, including reasonable attorneys' fees.

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11.1 Default.

Any of the following shall constitute a default by Tenant under this lease:

(a) Tenant's failure to pay rent or any other charge under this lease within 10 days after it is due, or failure to comply with any other term or condition within 20 days following written notice from Landlord specifying the noncompliance. If such noncompliance cannot be cured within the 20-day period, this provision shall be satisfied if Tenant commences correction within such period and thereafter proceeds in good, faith and with reasonable diligence to effect compliance as soon as possible. Time is of the essence of this lease.

(b) Tenant's insolvency, business failure or assignment for the benefit of its creditors. Tenant's commencement of proceedings under any provision of any bankruptcy or insolvency law or failure to obtain dismissal of any petition filed against it under such laws within the time required to answer; or the appointment of a receiver for Tenant's properties.

(c) Assignment or subletting by Tenant in violation of paragraph 10.1.

(d) Vacation or abandonment of the Premises without the written consent of Landlord or failure to occupy the Premises within 20 days after notice tendering possession.

11.2 Remedies for Default.

In case of default as described in paragraph 11.1 Landlord shall have the right to the following remedies which are intended to be cumulative and in addition to any other remedies provided under applicable law:

(a) Landlord may at its option terminate the lease by notice to Tenant. With or without termination, Landlord may retake possession of the Premises and may use or relet the Premises without accepting a surrender or waiving the right to damages. Following such retaking of possession, efforts by Landlord to relet the Premises shall be sufficient if Landlord follows its usual procedures for finding tenants for the space at rates not less than the current rates for other comparable space in the Building. If Landlord has other vacant space in the Building, prospective tenants may be placed in such other space without prejudice to Landlord's claim to damages or loss of rentals from Tenant.

(b) Landlord may recover all damages caused by Tenant's default which shall include an amount equal to rentals lost because of the default, lease commissions paid for this lease, and the unamortized cost of any tenant improvements installed by Landlord to meet Tenant's special requirements. Landlord may sue periodically to recover damages as they occur throughout the lease term, and no action for accrued damages shall bar a later action for damages subsequently accruing. Landlord may elect in any one action to recover accrued damages plus damages attributable to the remaining term of the lease. Such damages shall be measured by the difference between the rent under this lease and the reasonable rental value of the Premises for the remainder of the term, discounted to the time of judgement at the prevailing interest rate on judgements.

(c) Landlord may make any payment or perform any obligation which Tenant has failed to perform, in which case Landlord shall be entitled to recover from Tenant upon demand all amounts so expended, plus interest from the date of the expenditure at the rate of one-and-one-half percent per month. Any such payment or performance by Landlord shall not waive Tenant's default.

12.1 Surrender.

On expiration or early termination of this lease Tenant shall deliver all keys to Landlord and surrender the Premises vacuumed, swept, and free of debris and in the same condition as at the commencement of the term subject only to reasonable wear from ordinary use. Tenant shall remove all of its furnishings and trade fixtures that remain its property and restore all damage resulting from such removal. Failure to remove shall be an abandonment of the property, and Landlord may dispose of it in any manner without liability. If Tenant fails to vacate the Premises when required, including failure to remove all its personal property, Landlord may elect either: (i) to treat Tenant as a tenant from month to month, subject to the provisions of this lease except that rent shall be one-and-one-half times the total rent being charged when the lease term expired; or (ii) to eject Tenant from the Premises and recover damages caused by wrongful holdover.

13.1 Regulations.

Landlord shall have the right but shall not be obligated, to make, revise and enforce regulations or policies consistent with this lease for the purpose of promoting safety, health (including regulation or prohibition of smoking), order, economy, cleanliness, and good service to all tenants of the Building. All such regulations and policies shall be complied with as if part of this lease.

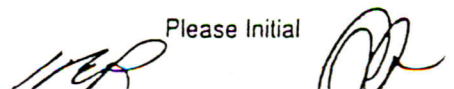
14.1 Access.

During times other than normal Building hours Tenant's officers and employees or those having business with Tenant may be required to identify themselves or show passes in order to gain access to the Building. Landlord shall have no liability for permitting or refusing to permit access by anyone. Landlord shall have the right to enter upon the Premises at any time by passkey or otherwise to determine Tenant's compliance with this lease, to perform necessary services, maintenance and repairs or alterations to the Building or the Premises, or to show the Premises to any prospective tenant or purchasers. Except in case of emergency such entry shall be at such times and in such manner as to minimize interference with the reasonable business use of the Premises by Tenant.

14.2 Furniture and Bulky Articles.

Tenant shall move furniture and bulky articles in and out of the Building or make independent use of the elevators only at times approved by Landlord following at least 24 hours written notice to Landlord of the intended move. Landlord will not unreasonably withhold its consent under this paragraph.

Please Initial



- 15.1 **Notices.** Notices between the parties relating to this lease shall be in writing, effective when delivered, or if mailed, effective on the second day following mailing, postage prepaid, to the address for the party stated in this lease or to such other address as either party may specify by notice to the other. Notice to Tenant may always be delivered to the Premises. Rent shall be payable to Landlord at the same address and in the same manner, but shall be considered paid only when received.
- 16.1 **Subordination.** This lease shall be subject to and subordinate to any mortgages, deeds of trust, or land sale contracts (hereafter collectively referred to as encumbrances) now existing against the Building. At Landlord's option this lease shall be subject and subordinate to any future encumbrance hereafter placed against the Building (including the underlying land) or any modifications of existing encumbrances, and Tenant shall execute such documents as may reasonably be requested by Landlord or the holder of the encumbrance to evidence this subordination.
- 16.2 **Transfer of Building.** If the Building is sold or otherwise transferred by Landlord or any successor, Tenant shall attorn to the purchaser or transferee and recognize it as the lessor under this lease, and, provided the purchaser or transferee assumes all obligations hereunder, the transferor shall have no further liability hereunder.
- 16.3 **Estoppels.** Either party will within 10 days after notice from the other execute, acknowledge and deliver to the other party a certificate certifying whether or not this lease has been modified and is in full force and effect; whether there are any modifications or alleged breaches by the other party; the dates to which rent has been paid in advance, and the amount of any security deposit or prepaid rent; and any other facts that may reasonably be requested. Failure to deliver the certificate within the specified time shall be conclusive upon the party of whom the certificate was requested that the lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate. If requested by the holder of any encumbrance, or any ground lessor, Tenant will agree to give such holder or lessor notice of and an opportunity to cure any default by Landlord under this lease.
- 17.1 **Attorneys' Fees.** In any litigation arising out of this lease, the prevailing party shall be entitled to recover attorney's fees at trial and on any appeal. If Landlord incurs attorneys' fees because of a default by Tenant, Tenant shall pay all such fees whether or not litigation is filed.
- 18.1 **Quiet Enjoyment.** Landlord warrants that so long as Tenant complies with all terms of this lease it shall be entitled to peaceable and undisturbed possession of the Premises free from any eviction or disturbance by Landlord. Neither Landlord nor its managing agent shall have any liability to Tenant for loss or damages arising out of the acts, including criminal acts, of other tenants of the Building or third parties, nor any liability for any reason which exceeds the value of its interest in the Building.
- 19.1 **Additional Rent: Tax Adjustment.** Whenever for any July 1 - June 30 tax year the real property taxes levied against the Building and its underlying land exceed those levied for the 19 91 - 19 92 tax year, then the monthly rental for the next succeeding calendar year shall be increased by one-twelfth of such tax increase times Tenant's proportionate share. "Real property taxes" as used herein means all taxes and assessments of any public authority against the Building and the land on which it is located, the cost of contesting any tax and any form of fee or charge imposed on Landlord as a direct consequence of owning or leasing the Premises, including but not limited to rent taxes, gross receipt taxes, leasing taxes, or any fee or charge wholly or partially in lieu of or in substitution for ad valorem real property taxes or assessments, whether now existing or hereafter enacted. If any portion of the Building is occupied by a tax-exempt tenant so that the Building has a partial tax exemption under ORS 307.112 or a similar statute, then real property taxes shall mean taxes computed as if such partial exemption did not exist. If a separate assessment or identifiable tax increase arises because of improvements to the Premises, then Tenant shall pay 100 percent of such increase.
- 19.2 **Tenant's Proportionate Share.** "Tenant's proportionate share" as used herein means the area of the Premises, divided by the total area of office space in the Building, with area determined using one of the methods of building measurement defined by the Building Owners and Managers Association (BOMA). Tenant's proportionate share as of the lease commencement date shall be 0.9 percent.
- 19.3 **Additional Rent: Cost-of-Living Adjustment.** ~~On each anniversary date of this lease, the Landlord shall adjust the base rental in the same percentage as the increase, if any, in the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics. The change shall be computed by comparing the schedule entitled "U.S. City Average, All Items, All Urban Consumers, 1982 - 84 = 100" for the latest available month preceding the month in which the lease term commenced with the same figure for the same month in the years for which the adjustment is computed. All comparisons shall be made using index figures derived from the same base period and in no event shall this provision operate to decrease the monthly rental for the Premises below the initial stated monthly rental, plus property tax adjustments and operating expense adjustments as provided in this Lease. If the index cited above is revised or discontinued during the term of this Lease then the index that is designated by the Portland Metropolitan Association of Building Owners and Managers to replace it shall be used.~~

Please Initial



19.4 Additional
Rent: Operating
Expense
Adjustment.

[Handwritten initials]

Tenant shall pay as additional rent its proportionate share, as defined in paragraph 19.2, of the amount by which operating expenses for the Building increase over those experienced by Landlord during the calendar year 1991 (base year). Effective January 1 of each year Landlord shall estimate the amount by which operating expenses are expected to increase, if any, over those incurred in the base year. Monthly rental for that year shall be increased by one-twelfth of Tenant's share of the estimated increase. Following the end of each calendar year, Landlord shall compute the actual increase in operating expenses and bill Tenant for any deficiency or credit Tenant with any excess collected. As used herein "operating expenses" shall mean all costs of operating and maintaining the Building as determined by standard real estate accounting practice, including, but not limited to: all water and sewer charges; the cost of natural gas and electricity provided to the building; janitorial and cleaning supplies and services; administration costs and management fees; superintendent fees; security services, if any; insurance premiums; licenses; permits for the operation and maintenance of the building and all of its component elements and mechanical systems; the annual amortized capital improvement cost (amortized over such a period as Landlord may select but not shorter than the period allowed under the Internal Revenue Code and at a current market interest rate) for any capital improvements to the Building required by any governmental authority or those which have a reasonable probability of improving the operating efficiency of the Building.

20.1 Complete
Agreement.

This lease and the attached Exhibits and Schedules if any, constitute the entire agreement of the parties and supersede all prior written and oral agreements and representations. Neither Landlord nor Tenant is relying on any representations other than those expressly set forth herein.

20.2 Space Leased
as is.

Unless otherwise stated in this Lease, the Premises are leased as is in the condition now existing with no alterations or other work to be performed by Landlord.

20.3 Captions.

The titles to the paragraphs of this lease are descriptive only and are not intended to change or influence the meaning of any paragraph or to be part of this lease.

20.4 Nonwaiver.

Failure by Landlord to promptly enforce any regulation, remedy or right of any kind under this Lease shall not constitute a waiver of the same and such right or remedy may be asserted at any time after Landlord becomes entitled to the benefit thereof notwithstanding delay in enforcement.

20.5 Exhibits.

The following Exhibits are attached hereto and incorporated as a part of this lease:

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this lease as of the day and year first written above.

LANDLORD: URBAN EQUITIES, INC.
Address for notices:
610 S.W. Broadway
Portland, OR 97205

TENANT: A. A. "ANDY" ANDERSON
Address for notices:
5311 N.E. MLK Jr. Blvd.
Portland, OR 97201

By: _____	By: <u>URBAN EQUITIES INC.</u>
Title: _____	Title: <u>President</u>
By: _____	By: _____
Title: _____	Title: _____
By: <u>A. A. "Andy" Anderson</u>	By: _____
Title: <u>President</u>	Title: _____
By: _____	By: _____
Title: _____	Title: _____

Please Initial

Landlord

Tenant

ADDENDUM

*ADDENDUM TO THAT LEASE DATED MAY 28, 1992 BETWEEN URBAN
EQUITIES, INC., LESSOR, AND A. A. "ANDY" ANDERSON, LESSEE*

I. Base Rent Schedule

July 1, 1992 - June 30, 1993	\$ 550/Month
July 1, 1993 - June 30, 1994	\$ 565/Month
July 1, 1994 - June 30, 1995	\$ 580/Month
July 1, 1995 - June 30, 1996	\$ 595/Month
July 1, 1996 - June 30, 1997	\$ 610/Month

II. Option to Renew

Lessee shall have the option to renew lease for an additional period of five (5) years at a rental rate of to be agreed upon in advance by both parties. Such rental rate shall not be less than the monthly rental rate in effect at the time Lessee notifies Lessor of their intention to exercise the option. Said notice shall be given at least ninety (90) days prior to the lease expiration date but not more than one hundred eighty (180) days prior to the expiration date.

**Norris &
Stevens**
REALTORS



640 SW Broadway,
Portland, OR 97209
503 273-0111
503 273-1616

Commercial Leasing
Sales and Property
Management

June 30, 1992

Mr. Andy Anderson
5309 N.E. MLK Jr.
Portland, OR 97211

**RE: JANITORIAL SERVICE
WALNUT PARK STORE**

Dear Andy:

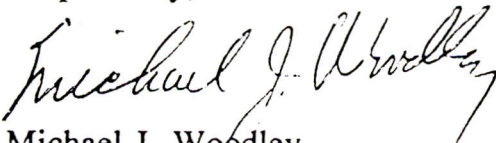
In regard to the above service at Walnut Park I thought it would be a good idea to clarify exactly what duties we are performing for you. This letter should become part of the lease dated June 28, 1992 between you and Urban Equities, lessor.

The duties we presently perform for you are:

1. vacuum the front customer service area
2. dust counters
3. take out the trash
4. clean the entry glass

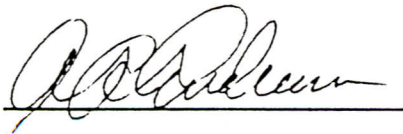
Because of your expressed concerns for security we do not go behind the counter. If these services are satisfactory and agreeable to you please sign below and return to our office.

Respectfully,


Michael J. Woodley

APPROVED AND ACCEPTED

By:



Date:

7-7-92



ACCREDITED
MANAGEMENT
ORGANIZATION

 **The
Commercial
Network**

THIS LEASE, made and entered into at the City of Portland, Oregon, this _____ day of

February 1984, by and between URBAN EQUITIES, INC.

hereinafter called the Lessor,

and MULTNOMAH COUNTY, a home rule subdivision of the State of Oregon

hereinafter called the Lessee, WITNESSETH:

The Lessor hereby leases to the Lessee the following described premises in consideration of ~~and _____/100 Dollars (\$ _____) and in accordance with the terms, covenants and conditions herein set forth:~~

Premises

Rooms Numbered That entire second floor located at 5329 N.E. Union

in the Said premises containing approximately 18,600 square feet^{Portland, Oregon}

Term

For the term beginning on the First day of July 1984,

and expiring on the 30th day of June 1994,

Rental

For a monthly rental of SEE PARAGRAPH 34.1 and /100

~~Dollars (\$ _____), except rental for the month of _____ 19 shall be One Dollar (\$1.00)~~

payable monthly in advance on the first day of each and every calendar month, at the office of the Lessor or the Lessor's agent.

The Lessee covenants and agrees as follows:

1.1 Payment

The Lessee will pay said monthly rental in lawful money of the United States at the office of the Lessor or Lessor's agent, in advance on the first day of each and every calendar month of said term. Rent for a part of a month shall be prorated in proportion to the number of days of the month included in the term of this lease.

1.2 Delivery of Possession

~~Should Landlord be unable to deliver possession of the Premises on the date fixed for the commencement of the term Tenant shall owe no rent until notice from Landlord tendering possession to Tenant. If possession is not so tendered within 45 days following commencement of the term, then Tenant may elect to cancel this lease by notice to Landlord within 10 days following expiration of the 45-day period. Landlord shall have no liability to Tenant for delay in delivering possession, nor shall such delay extend the term of this lease in any manner.~~

1.3 Unpaid Rent

SEE PARAGRAPH 45.1
If rent is not paid within 10 days after it is due Lessor may at its option impose a late charge of \$ (0) Unpaid rent shall bear interest at the rate of 10 percent per annum from the date it is due until paid.

2.1 Use

The Lessee will use and occupy said premises for General offices and clinic and for no other purposes; and the Lessee will at Lessee's own expense repair any damage caused by the Lessee or any of Lessee's employees or agents, or licensees or invitees.

2.2 Assignment and Sub-letting

~~The Lessee will not assign this lease or any interest hereunder, and will not permit any assignment hereof by operation of law, and will not sub-rent or sub-let said premises or any portion thereof, and will not permit the use or occupancy of said premises by other than the Lessee and his agents and employees of the Lessee, without first obtaining the written consent of the Lessor. SEE PARAGRAPH 46.1~~

2.3 Alterations

~~The Lessee will make no alterations in or additions to said premises without first obtaining the written consent of the Lessor, and all additions, improvements and fixtures (except the movable office furniture of the Lessee) made or added either by the Lessee or Lessor shall be and remain the property of the Lessor; provided, however, the Lessor may require that the Lessee remove upon termination of this lease any additions made or fixtures added by the Lessee at the Lessee's expense. SEE PARAGRAPH 43.1~~

- 2.4 ~~Uses~~
~~Prohibited~~
- The Lessor will not use or permit in said premises anything that will increase the rate of fire insurance thereon or prevent the Lessor's taking advantage of any ruling of the Insurance Services Office of Oregon or its successors, which would allow the Lessor to obtain reduced rates on long term insurance policies; or maintain anything that may be dangerous to life or limb; or in any manner deface or injure said building or any portion thereof; or overload the floors; or permit any objectionable noise or odor to escape or to be emitted from said premises; or permit anything to be done upon said premises in any way tending to create a nuisance or to disturb any other tenants of the building, or to injure the reputation of the building; or to use or permit the use of said premises for lodging or sleeping purposes, or for any immoral or illegal purposes; and that the Lessee will comply at Lessee's own cost and expense with all orders, notices, regulations or requirements of any municipality, state or other governmental authority respecting the use of said premises.
- 3.1 **Liability for Injury and Damage**
- The Lessor shall not be liable to the Lessee for damage to person or property resulting from the negligence of a co-tenant or anyone else other than the Lessor, or for any damage to person or property resulting from any condition of the premises or other cause, including but not limited to damage by water, not resulting from the negligence of the Lessor.
- 3.2
- ~~The Lessee shall indemnify and save harmless the Lessor against and from any and all claims by or on behalf of any person, firm or corporation arising from the conduct or management of or from any work or thing whatsoever done by the Lessee or its agents, contractors, servants or employees in or about the demised premises or the building, and will further indemnify and save the Lessor harmless against and from any and all claims arising from any breach or default on the part of the Lessee in the performance of any covenant or agreement on the part of the Lessee to be performed, pursuant to the terms of this lease or arising from any act or negligence of the Lessee, or any of its agents, contractors, servants or employees, occurring during the term of this lease in or about the demised premises or the building, and from and against all costs, counsel fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon. In case any action or proceeding be brought against the Lessor by reason of any such claim, the Lessor may, at its option, require that the Lessee resist or defend such action or proceeding at the Lessee's own cost and expense and by counsel reasonably satisfactory to the Lessor.~~ See Paragraph 35.1.
- 4.1 **Vacation or Abandonment**
- Upon vacation or abandonment of the premises by the Lessee without the written consent of the Lessor endorsed hereon, the Lessor may forthwith enter upon the premises or any portion thereof and re-let and otherwise exercise control over the same and that for the purpose of such re-letting the said Lessor is authorized at the cost of the Lessee to make any repairs, changes, alterations or additions in or to said demised premises which may be necessary in the opinion of the Lessor for the purpose of such re-letting, and such entry and control shall not release the Lessee from the obligations herein, but Lessee shall nevertheless remain liable and continue bound, unless the Lessor, at Lessor's election, shall cancel the lease, and in that event cancellation shall be effected and Lessor and Lessee released from all obligations thereunder thereafter to accrue, upon the mailing of such notice of cancellation by Lessor to Lessee at Lessee's last known address.
- 5.1 **Admittance by Pass-key**
- The Lessor shall not be liable for the consequences of admitting by pass-key or refusing to admit to said premises the Lessee or any of the Lessee's agents or employee or other persons claiming the right of admittance.
- 6.1 **Signs**
- No sign, picture, advertisement or notice shall be displayed, inscribed, painted or affixed to any of the glass or woodwork of the premises hereby demised, except such as shall be approved by the Lessor and shall be painted by a sign painter designated by the Lessor; that no signs or devices shall be hung on or placed against the windows of said premises nor on the exterior wall of the building; and that no furniture, curtain or other obstruction of any kind or size shall be placed before the glass partition dividing said premises from the corridors of said building.
- 7.1 **Electrical and Mechanical Devices**
- The Lessee shall not, without Lessor's written consent, operate or install any electrical equipment or operate or install any machinery or mechanical device on said premises other than that normal to ~~office use~~ a medical and dental clinic or office use.
- 8.1 **Electrical Installations**
- No electric wiring, telegraph call boxes, or telegraphic, telephonic, or other electrical apparatus, including air conditioning equipment, shall be installed, maintained or operated on said premises except with the approval of and in a manner satisfactory to the Lessor; and in no event shall the Lessee overload the electrical circuits from which the Lessee obtains current.
- 9.1 **Awnings**
- No awnings shall be attached to the outside of any windows of the premises hereby leased.
- 10.1 **Windows**
- The Lessee shall not allow anything to be placed on the outside window ledges of said premises; and nothing shall be thrown out of the windows of said building by the Lessee or others.
- 11.1 **Floor Coverings**
- Neither the Lessee nor or any other person, shall lay linoleum or other similar floor covering or attach or fix any covering to the walls or ceiling of the premises or any part thereof with paste material save and excepting one which may be easily removed with water. The use of cement or similar adhesive material is expressly prohibited. The tacking or fastening of any such material to the base board or molding is expressly prohibited. Prior to termination of this lease, Lessee, at its own expense, may remove any such floor, wall or ceiling coverings or materials, and upon so doing will restore the floor, wall or ceiling to the condition in which it existed at the time Lessee took possession under this lease. In the event Lessee removed such coverings and fails to restore the floor, walls or ceiling to that condition, Lessee on demand shall pay Lessor the cost of such restoration. If such covering is not removed prior to the termination of this lease the covering shall become and remain the property of Lessor.
- 12.1 **Inspection of Premises**
- The Lessor and the Lessor's agents, janitors, workmen and engineers may retain and use a pass-key to the premises described herein to enable them to examine said premises from time to time with reference to any emergency or to the general maintenance of said premises, or for the purposes of exhibiting the same.
- 13.1 **Care of Premises**
- The Lessee shall at all times take good care of the demised premises.
- 14.1 **Surrender of Premises**
- At the expiration or sooner termination of this lease, the Lessee will surrender and deliver up said premises to the Lessor, or those having the Lessor's estate therein, in the same condition as the Lessee now receives said premises, ordinary wear and tear and damage by fire and the elements alone excepted.

- 15.1 **Action or Suit** If any suit, action or appeal thereof is instituted by either party for the enforcement of any covenant contained in this lease, the prevailing party shall recover, in addition to costs and disbursements, such attorneys' fees as the court may adjudge reasonable to be allowed in such suit or action or appeal thereof.
- 16.1 **Default Insolvency and Damages** ~~If the rent shall be in arrears for a period of ten (10) days; or if the Lessee fails to keep or perform any of the covenants or conditions of this lease; or if the leasehold interest of the Lessee shall be attached or levied on under execution; or if a petition is filed by Lessee for an arrangement with his creditors under Chapter 11 of the Bankruptcy Act; or if the Lessee shall be declared bankrupt or insolvent according to law; or if any assignment of the Lessee's property shall be made for the benefit of creditors, or otherwise, or if the Lessee fails to make prompt payment of any amounts due the Lessor in connection with the Lessee's occupancy of the premises, then, and in any of said events, the Lessor may at the Lessor's option at once, without notice to the Lessee or any other person, terminate this lease, and upon the termination of said lease at the option of the Lessor, as aforesaid, or at the expiration of this lease, and upon the termination of said lease by its terms, the Lessee will at once surrender possession of said premises to the Lessor and remove all the Lessee's effects therefrom; and if such possession be not immediately surrendered, the Lessor may forthwith enter into and on said premises and repossess them as of the Lessor's former estate and expel the Lessee, or those claiming under the Lessee, and remove the effects of any of them, forcibly if necessary, and lock said premises, without being deemed guilty in any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenant; and that in such event the Lessee expressly waives the service of any notice of intention to terminate this lease or to retake the premises, and waives service of any demand for payment of rent or for possession, and of any and every other notice or demand prescribed by any law of the State of Oregon.~~ See Paragraph 40.1.
- 16.2 ~~In the event of termination on default, the Lessor shall be entitled to request immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the lease term, any excess of the value of the Lessee's obligations under this lease, including the obligation to pay rent from the date of default until the end of the term over the reasonable rental value of the property for the same period figured as of the date of default, plus the reasonable costs of reentry and reletting, including, without limitation, the cost of any cleanup, refurbishing, removal of the Lessee's property and fixtures or any other expense occasioned by the Lessee's failure to quit the demised premises upon termination or to leave them in the required condition, any remodeling costs, attorneys' fees, court costs, broker commissions and advertising costs, plus the unpaid cost of any tenant improvements being amortized over the term of this lease, plus the amount of the loss of reasonable rental value from the date of default until a new tenant has been, or, with the exercise of reasonable diligence, could have been, secured.~~ See Paragraph 40.1.
- 17.1 **Liens** The Lessee shall not suffer or permit any mechanic's lien to be filed against the fee of the demised premises nor against the Lessee's leasehold interest in said premises by reason of work, labor, services or materials supplied or claim to have been supplied to the Lessee or anyone holding the demised premises or any part thereof through or under the Lessee, and nothing in this lease contained shall be deemed or construed in any way as constituting the consent or request of the Lessor, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration or repair of or to the demised premises or any part thereof, nor as giving the Lessee any right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanic's lien against the fee of the demised premises. If any such mechanic's lien shall at any time be filed against the demised premises, the Lessee shall cause the same to be discharged of record within 20 days after the date of filing the same.
- 18.1 **Light and Air** This lease does not grant any rights of access to light and air over property.
- 19.1 **Building Alterations and Repairs** In the event the Lessor, during the term of this Lease, shall be required by the City of Portland, the order or decree of any court, or any other governmental authority, to repair, alter, remove, reconstruct, or improve any part of the demised premises or of the building of which said premises are part, then such repairing, alteration, removal, reconstruction or improvement may be made by and at the expense of the Lessor without any interference or claim for damages by the Lessee, but there shall be such an abatement or adjustment of rent as shall be just in proportion to the interference with Lessee's occupation of the premises; and that the Lessor and Lessor's agents and employees shall have the right from time to time during the term of this lease to enter into and upon said premises for the purposes of maintaining said premises and making such alterations and repairs and doing such other things thereto and to the equipment or building in which said premises are located, as may become necessary or advisable, without any interference or claim for damages by the Lessee.
- 20.1 **Damage to Premises** In case the leased premises, or the building in which they are located, shall be destroyed or damaged by fire or other casualty, making the premises or building untenable, the Lessor may at Lessor's option, exercised within thirty (30) days from the happening of the casualty, elect to terminate this lease or to repair said damages. If the Lessor does not so elect to repair said damages, or the building containing said premises shall have been wholly destroyed, the lease may be terminated by either party as of the date of such damage. If the Lessor elects to repair said damages the Lessor shall at its own expense promptly repair the damages to said leased premises, and the Lessee shall be entitled to an abatement of the rent, or a fair and just proportion thereof, according to the nature of the damage sustained, until said premises have been made fit for occupancy and use.
- 20.2 If the Lessor becomes obligated to repair or reconstruct the premises or the building in which they are located, the Lessor shall be relieved of such obligation and the Lessor may terminate this lease if the Lessor is unable to obtain the necessary labor or materials, or if the Lessor is unable to perform such obligation due to any cause beyond its control, including, but not limited to, strikes, lockouts and labor disturbances, acts of civil or military authorities, restrictions by municipal authorities, restrictions by municipal ordinances or federal or state statutes, and military activity.
- 21.1 **Eminent Domain** If the premises or the building in which the same are located, or any part thereof, shall be taken or acquired by any municipal or other corporation having the right of eminent domain, either under said right or by purchase without the exercise of said right, the Lessor may at its option terminate this lease without paying any consideration to the Lessee, except that any unearned rental in its possession shall be refunded.

- 22.1 Holding Over** If the Lessee shall hold over after the expiration of the term of lease, and shall not have agreed in writing with the Lessor upon the terms and provisions of a new lease prior to such expiration, the Lessee shall remain bound by all the terms, covenants and agreements hereof, except that the tenancy shall be one from month to month.
- 23.1 Electric Service** The Lessor shall furnish electric current and lamps for light in such quantity and of such wattage as in the Lessor's opinion shall be necessary; and if the tenant demands additional electric service, it is understood that the same shall be paid for at the public utility's regular scheduled rate.
- 24.1 Elevator Service, Heat, Janitor Service** ~~Elevator service and heat and janitor service will be furnished in accordance with the regular schedule of the building; but that failure to furnish elevator service, light or heat or janitor service, when such failure is caused by accidents, strikes or other causes beyond the reasonable control of the Lessor, shall not make for an abatement of rent, nor release the Lessee from the prompt fulfillment of any of the covenants of the Lessee under this lease or render the Lessor liable for damages therefor. SEE PARAGRAPH 44.1~~
- 24.2** ~~Lessor may change such schedule of janitorial service, or the nature and extent of such service whenever Lessor shall deem such change necessary, desirable or expedient. Lessee shall be solely responsible for the professional cleaning and upkeep of any and all carpeting and drapery installed in the premises. SEE PARAGRAPH 44.1~~
- 25.1 Air Conditioning** If the monthly rental rate herein stipulated includes air conditioning to be provided by the Lessor it is understood and agreed that such air conditioning will be furnished in accordance with the regular schedule of the building, but that failure to furnish air conditioning, when such failure is caused by accidents, strikes or other causes beyond the reasonable control of the Lessor, shall not make for an abatement of rent, nor release the Lessee from the prompt fulfillment of any of the covenants of the Lessee under this lease or render the Lessor liable for damages therefor. *cooling shall be provided to lower the outside temperature 20 degrees Farenheit.
- 25.2 Hours of Operation** Hours of operation for heating, ventilating and air conditioning equipment shall be from 7 A.M. to 6 P.M. Monday through Friday, except Holidays; and from A.M. to P.M. Saturday, except Holidays, or as mutually agreed to accomodate special clinics.
- 26.1 Furniture and Bulky Articles** Sales, furniture or bulky articles shall be moved in or out of said premises only at such hours and in such manner as shall least inconvenience other tenants, and as the Lessor shall decide; and no safe or other article of over 1,000 pounds shall be moved into said premises without the consent of the Lessor, the Lessor to have the right to fix the position of any article of weight in said premises.
- 27.1 Regulations** The Lessor, for the proper maintenance of said building, the rendering of good service, and the providing of safety, order and cleanliness may make and enforce regulations appropriate for such purposes but not in enlargement of or inconsistent with the terms, covenants and conditions of this lease.
- 28.1 Waiver of Breach of Covenant** Any waivers shall be in writing. The covenants of this lease are continuing covenants and the waiver by the Lessor of breaches of said covenants shall not be deemed a waiver of subsequent breaches thereof.
- 29.1 Modification** This lease may not be modified except by endorsement in writing attached to this lease, dated and signed by all the parties hereto, and Lessor shall not be bound by any oral or written statement of any servant, agent, or employee modifying this lease.
- 30.1 Parties Affected** The rights, liabilities, and remedies provided for herein shall extend to the heirs, legal representatives, successors and, so far as the terms of this lease permit, assigns of the parties hereto, and the words "Lessor" and "Lessee" and their accompanying verbs or pronouns, wherever used in this lease, shall apply equally to all persons, firms or corporations which may be or become parties hereto.
- 31.1 Waiver of Subrogation** Lessor shall be responsible for insuring the Premises and Tenant for insuring its personal property and trade fixtures located on the Premises. Neither party shall be liable to the other for any loss or damage caused by water damage, sprinkler leakage, or any of the risks covered by a standard fire insurance policy with an extended coverage endorsement, and there shall be no subrogated claim by one party's insurance carrier against the other party arising out of any such loss.
- 32.1 Subordination** This lease shall be subject and subordinate to such liens and encumbrances as are now on or as lessor may hereafter impose on the land and building, and the lessee shall upon request of lessor, execute and deliver agreements of subordination consistent herewith.
- 33.1 Rental Adjustment** Whenever, for any fiscal year, lessor's operating and maintenance costs* are greater than the operating and maintenance costs for the prior fiscal year, then the monthly rental for the next succeeding calendar year may be increased, effective as of January 1 of each succeeding year, over the rental specified by an amount representing one-twelfth of such proportion of such increase in costs as is measured by the ratio between the floor area of the leased premises and the total rentable floor area of said building. For the purposes hereof, the term "operating and maintenance costs" shall include all costs of operation and maintenance as determined by standard accounting practices and shall include the following costs by way of illustration, but not limitation: Real estate taxes and assessments, insurance premiums, licenses, permit and inspection fees; the costs of wages, materials and services for the operation and maintenance of the building, but shall not include alterations and depreciation, replacement of the roof, exterior walls or mechanical equipment, (e.g., heating units, air conditioning units and elevator). The Lessee shall have the opportunity to review all elements of alleged cost increases. The base year shall be from July, 1984 to June 30, 1985, unless occupancy shall occur after July 1, 1984, then the base year shall be one year from the date of occupancy.

* for the 18,600 square foot premises herein leased together with entry ways and roof over the leased premises,

** or the cost

- 34.1 MONTHLY RENTAL: The monthly rental due shall be determined as follows. The base rent shall be \$10.00 per square foot per year based on a full floor space of approximately 18,600 square feet. Provided, however, if the cost of janitorial services, including supplies and utilities including gas, electricity, refuse removal and water and sewer shall exceed \$2.00 per square foot in the first full year, Lessee shall pay to Lessor as additional rent the cost of said services in excess of \$2.00 per square foot. These costs are specific to the square footage occupied by the Lessee.
- 35.1 LIABILITY: Lessee is a public body and liable for the torts of its employees and agents pursuant to the Oregon Tort Claims Act.
- 36.1 LEASE CANCELLATION: It is understood and agreed that the Lessee may cancel said agreement by giving the Lessor not less than ninety days prior written notice of such intent if the program funding to maintain a county health center at the Walnut Park location is not provided by the Multnomah County Board of Commissioners. In the event program funding is not provided by the Board of Commissioners, every effort will be made to renegotiate the terms of this agreement for a reduced rate and/or reduced total square footage. The provisions of this cancellation clause will not be used to provide an opportunity for cancellation of this agreement for the purpose of leasing alternative health center space at another location in Northeast Portland where services would be provided at the same level as at Walnut Park.
- 37.1 PROPERTY TAXES: Under the provisions of ORS 307.112 certain real property tax savings resulting from the exemption of the property leased herein may accrue to the building. The tax savings resulting from the exemption under such statute shall be attributed to benefit the Lessee by a monthly reduction in the rent equal to the annual savings caused by the exemption divided by eight.
- The amount of the rental offset shall be determined annually in November by multiplying the exempt value by the current tax rate, divided by eight, and then applying the reduction to the lease payments, November through June, coincident with the tax year in question.
- 38.1 TENANT IMPROVEMENTS: The Lessor agrees to provide at their sole cost and expense all improvements listed in Exhibit "A". The Lessee will contract for the preparation of final detailed architectural plans and materials specifications as the elaboration of Exhibit "A".
- 39.1 APPROVAL OF FINANCING: This lease is contingent on the approval of adequate financing which is to be obtained by the Lessor.

40.1 DEFAULT, INSOL-
VENCY AND DAMAGES:

The occurrence of any of the following shall constitute a material default and breach of this lease by Lessee:

- a. Any failure by Lessee to pay the rental or to make any other payment required to be made by Lessee hereunder where such failure continues for ten (10) days following written notice that such is due from the Lessor.
- b. The abandonment or vacation of the leased premises by Lessee.
- c. A failure by Lessee to observe and perform any other provision of this lease to be observed or performed by Lessee, where such failure continues for thirty (30) days after written notice thereof by Lessor to Lessee specifying the nature of such default; provided, however, that if the nature of the default is such that the same cannot reasonably be cured within the thirty (30) day period allowed, Lessee shall not be deemed to be in default if Lessee shall, within such period, commence to cure and thereafter diligently prosecute the same to completion.

41.1 CONSTRUCTION
MANAGER:

During construction of the work, the County shall supply at its own expense a Construction Project Manager to act as the County's representative. The Construction Project Manager shall monitor construction to ensure that final plan design and standards are adhered to. Both parties acknowledge that final plans will be provided by the County (Lessee) (see 38.1 above). The Construction Project Manager shall observe the construction and shall have the sole authority to request changes in the work that may be desired by the County, including changes that may affect the construction cost. In return, the Lessor agrees that all changes in the work desired by the Lessor during construction be approved by the Construction Project Manager prior to implementation. Any changes shall be subject to the final approval of the Lessor or his agent. All change requests (from both Lessee and Lessor) must be submitted in writing. All approvals of changes must be documented in writing.

If construction is not performed to specifications included in final plans provided by the Lessee and/or as per authorized and documented changes in those plans, this agreement shall be null and void.

42.1 COST OF
IMPROVEMENTS:

This lease shall be subject to a bid not to exceed a cost of \$560,000.00 for all tenant improvements. The plans and specifications provided by the Lessee (see section 38.1) shall be the basis of bids solicited by the Lessor or his agents. If the total construction bid exceeds this figure, either Lessor or Lessee shall have the right to rescind this lease.

42.2

If the total cost of the tenant improvements is less than \$560,000.00, the savings shall be split on an equal basis between the Lessee and Lessor. Any sums passed through to the Lessee shall be amortized over the term of the lease.

42.1 ALTERATIONS:

After occupancy, the Lessee will make no alterations in or addition to said premises without first obtaining the written consent of the Lessor, and all additions, improvements and fixtures (except the movable shelving cabinets and office furniture of the Lessee) made or added either by the Lessee or Lessor shall be and remain the property of the Lessor; provided, however, the Lessor may require that the Lessee remove upon termination of this lease any additions made or fixtures added by the Lessee at the Lessee's expense. Attached or affixed personal property added to the premises will remain the property of the Lessee. The Lessee will bear full responsibility for the maintenance and repair of such property and will restore the premises if said property is removed at Lessee's expense.

44.1 ELEVATOR SERVICE,
HEAT, JANITOR
SERVICE:

Elevator service and heat to a temperature of at least 50 degrees Farenheit above that of the outside air temperature and janitor service will be furnished by the Lessor in accordance with the regular schedule of the building; but that failure to furnish elevator service, light or heat or janitor service, when such failure is caused by accidents, strikes or other causes beyond the reasonable control of the Lessor, shall not make for an abatement of rent, nor release the Lessee from the prompt fulfillment of any of the covenants of the Lessee under this lease or render the Lessor liable for damages therefore. The Lessee will be provided with the opportunity to examine and approve the janitorial service schedule for the building to ensure the adequacy of service for a clinic facility.

Lessor may change such schedule of janitorial service, or the nature and extent of such service, whenever Lessor shall deem such change necessary, desirable or expedient. Lessee shall be solely responsible for the professional cleaning and up-keep of any and all carpeting and drapery installed in the premises.

45.1 DELIVERY OF
POSSESSION:

Should Landlord be unable to deliver possession of the Premises on the date fixed for the commencement of the term Tenant shall own no rent until notice from Landlord tendering possession to Tenant. Landlord shall have no liability to Tenant for delay in delivering possession, nor shall such delay extend the term of this lease in any manner. Possession shall be tendered upon mutual acceptance of remodeling by both Lessor and Lessee.

46.1 ASSIGNMENT AND
SUB-LETTING:

The Lessee will not assign this lease or any interest hereunder, and will not permit any assignment hereof by operation of law, and will not sub-rent or sub-let said premises or any portion thereof, and will not permit the use or occupancy of said premises by other than the Lessee and his agents and employees of the Lessee without first obtaining the written consent of the Lessor. Written consent of the Lessor will not be unreasonably withheld. The Lessee may sub-rent or sub-lease said premises or a portion thereof to private non-profit or government agencies for the purpose(s) of offering health or social services without obtaining permission from the Lessor provided that no fee in excess of maintenance and operating costs is charged and such use shall not be allowed to adversely effect Lessor or other tenants of the Walnut Park Shopping Center. Notification of intent to sub-rent or sub-lease for these purposes shall be provided to the Lessor.

47.1 PARKING:

Lessor shall provide 176 parking spaces which shall be shared on a non-exclusive basis with other tenants of the Walnut Park Shopping Center.

IN WITNESS WHEREOF, the parties hereto have executed this instrument in duplicate at the place and on the day and year first herein written, any corporate signature being by authority of the Board of Directors.

URBAN EQUITIES, INC.

[Signature]

Lessor

MULTNOMAH COUNTY, a Home Rule Sub-division of the State of Oregon.

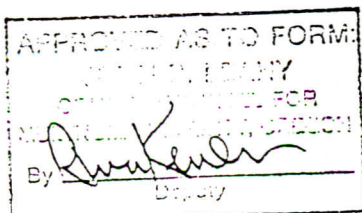
[Signature]

Lessee

**Norris &
Stevens**
Realtors

*Commercial Leasing, Sales
and Property Management*

610 S.W. Broadway
Portland, Oregon 97205



OFFICE LEASE

This lease, made and entered into at Portland, Oregon, this 22nd day of

January, 1991, by and between

LANDLORD: Urban Equities, Inc.

and TENANT: Multnomah County

Landlord hereby leases to Tenant the following

approximately 15,542 square feet; see attached Exhibit A (the

Premises in the Walnut Park Building building

(the Building) at 5315 NE Martin Luther King Boulevard

Portland, Oregon, for a term commencing March 1, 1991

and continuing through February 28, 1996; at a Base Rental of

\$14,222.92 (U.S.) per month payable in advance on the day

of each month commencing March 1, 1991.

Landlord and Tenant covenant and agree as follows:

Delivery of Possession

Should Landlord be unable to deliver possession of the Premises on the date fixed for the commencement of the term, commencement will be deferred and Tenant shall owe no rent until notice from Landlord tendering possession to Tenant. If possession is not so tendered within 90 days following commencement of the term, then Tenant may elect to cancel this lease by notice to Landlord within 10 days following expiration of the 90-day period. Landlord shall have no liability to Tenant for delay in delivering possession, nor shall such delay extend the term of this lease in any manner. *

Rent Payment

Tenant shall pay the Base Rent for the Premises and any additional rent provided herein without deduction or offset. Rent for any partial month during the lease term shall be prorated to reflect the number of days during the month that Tenant occupies the Premises. Additional rent means amounts determined under paragraphs 19.1 and 19.3 of this Lease and any other sums payable by Tenant to Landlord under this Lease. Rent not paid when due shall bear interest at the rate of one-and-one-half percent per month until paid. Landlord may at its option impose a late charge of \$.05 for each \$1 of rent for rent payments made more than 10 days late in lieu of interest for the first month of delinquency, without waiving any other remedies available for default.

Lease Consideration

Upon execution of the lease Tenant has paid the Base Rent for the first full month of the lease term for which rent is payable and in addition has paid the sum of \$ as lease consideration. Landlord may apply the lease consideration to pay the cost of performing any obligation which Tenant fails to perform within the time required by this lease, but such application by Landlord shall not be the exclusive remedy for Tenant's default. If the lease consideration is applied by Landlord, Tenant shall on demand pay the sum necessary to replenish the lease consideration to its original amount. To the extent not applied by Landlord to cure defaults by Tenant, the lease consideration shall be applied against the rent payable for the last month of the term. The lease consideration shall not be refundable.

Please initial

Landlord

Tenant

* If possession occurs after the above commencement date, then the expiry date shall be changed so that it is sixty (60) months after the possession date.

RS - 20-11

Use Tenant shall use the Premises as business offices for office & a activity center for/citizens. and for no other purpose with Landlord's written consent. In connection with its use, Tenant shall at its expense promptly comply with all applicable laws, ordinances, rules and regulations of any public authority and shall not annoy, obstruct, or interfere with the rights of other tenants of the Building. Tenant shall create no nuisance nor allow any objectionable fumes, noise, or vibrations to be emitted from the Premises. Tenant shall not conduct any activities that will increase Landlord's insurance rates for any portion of the Building or that will in any manner degrade or damage the reputation of the Building.

Equipment Tenant shall install in the Premises only such office equipment as is customary for general office use and shall not overload the floors or electrical circuits of the Premises or Building or alter the plumbing or wiring of the Premises or Building. Landlord must approve in advance the location and manner of installing any electrical, heat generating or communication equipment or exceptionally heavy articles. Any additional air conditioning required because of heat generating equipment or special lighting installed by Tenant shall be installed and operated at Tenant's expense.

Signs No signs, awnings, antennas, or other apparatus shall be painted on or attached to the Building or anything placed on any glass or woodwork of the Premises or positioned so as to be visible from outside the Premises without Landlord's written approval as to design, size, location, and color. All signs installed by Tenant shall comply with Landlord's standards for signs and all applicable codes and all signs and sign hardware shall be removed upon termination of this lease with the sign location restored to its former state unless Landlord elects to retain all or any portion thereof.

Utilities and Services Landlord will furnish heat, electricity, elevator service, and if the Premises are air conditioned, air conditioning during the normal Building hours of 8:00 AM to 6:00 PM, Monday through Friday, except holidays and 8:00 AM to 12:00 noon Saturdays, except holidays. Janitorial service will be provided in accordance with the regular schedule of the Building, which schedule and service may change from time to time. Tenant shall comply with all government laws or regulations regarding the use or reduction of use of utilities on the Premises. Interruption of services or utilities shall not be deemed an eviction or disturbance of Tenant's use and possession of the Premises, render Landlord liable to Tenant for damages, or relieve Tenant from performance of Tenant's obligations under this lease, but Landlord shall take all reasonable steps to correct any interruptions in service. Electrical service furnished will be 110 volts unless different service already exists in the Premises.

Extra Usage If Tenant uses excessive amounts of utilities or services of any kind because of operation outside of normal Building hours, high demands from office machinery and equipment, nonstandard lighting, or any other cause, Landlord may impose a reasonable charge for supplying such extra utilities or services, which charge shall be payable monthly by Tenant in conjunction with rent payments. In case of dispute over any extra charge under this paragraph, Landlord shall designate a qualified independent engineer whose decision shall be conclusive on both parties. Landlord and Tenant shall each pay one-half of the cost of such determination.

Maintenance and Repair Landlord shall have no liability for failure to perform required maintenance and repair unless written notice of the needed maintenance or repair is given by Tenant and Landlord fails to commence efforts to remedy the problem in a reasonable time and manner. Landlord shall have the right to erect scaffolding and other apparatus necessary for the purpose of making repairs, and Landlord shall have no liability for interference with Tenant's use because of repairs and installations. Tenant shall have no claim against Landlord for any interruption or reduction of services or interference with Tenant's occupancy, and no such interruption or reduction shall be construed as a constructive or other eviction of Tenant. Repair of damage caused by negligent or intentional acts or breach of this lease by Tenant, its employees or invitees shall be at Tenant's expense.

Alterations Tenant shall not make any alterations, additions, or improvements to the Premises, change the color of the interior, or install any wall or floor covering without Landlord's prior written consent. Any such additions, alterations, or improvements, except for removable machinery and unattached movable trade fixtures, shall at once become part of the realty and belong to Landlord. Landlord may at its option require that Tenant remove any alterations and restore the Premises to the original condition upon termination of this lease. Landlord shall have the right to approve the contractor used by Tenant for any work in the Premises, and to post notices of nonresponsibility in connection with any work being performed by Tenant in the Premises.

Indemnity Tenant shall not allow any liens to attach to the Building or Tenant's interest in the Premises as a result of its activities. ~~Tenant shall indemnify and defend Landlord from any claim, liability, damage, or loss occurring on the Premises, arising out of any activity by Tenant, its agents, or invitees or resulting from Tenant's failure to comply with any term of this lease. Landlord shall have no liability to Tenant because of loss or damage caused by the acts or omissions of other Tenants of the Building, or by third parties.~~

Insurance ~~Tenant shall carry liability insurance with the following limits~~
~~which insurance shall have an endorsement naming Landlord and Landlord's agent, if any, as an insured and covering the liability insured under paragraph 7.1 of this lease. Tenant shall furnish a certificate evidencing such insurance which shall state that the coverage shall not be cancelled or materially changed without 10 days advance notice to Landlord and Landlord's agent, if any, and a renewal certificate shall be furnished at least 10 days prior to expiration of any policy.~~

Lessee is a self-insured public body, liable for the torts of its employees, agents and invitees pursuant to the Oregon Torts Claim Act.

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Landlord

Tenant

Fire or
Casualty

"Major Damage" means damage by fire or other casualty to the Building or the Premises which causes the Premises or any substantial portion of the Building to be unusable, or which will cost more than 25 percent of the pre-damage value of the Building to repair, or which is not covered by insurance. In case of Major Damage, Landlord may elect to terminate this lease by notice in writing to Tenant within 30 days after such date. If this lease is not terminated following Major Damage, or if damage occurs which is not Major Damage, Landlord shall promptly restore the Premises to the condition existing just prior to the damage. Tenant shall promptly restore all damage to tenant improvements or alterations installed by Tenant or pay the cost of such restoration to Landlord if Landlord elects to do the restoration of such improvements. Rent shall be reduced from the date of damage until the date restoration work being performed by Landlord is substantially complete, with the reduction to be in proportion to the area of the Premises not useable by Tenant.

Waiver of
Subrogation

Tenant shall be responsible for insuring its personal property and trade fixtures located on the Premises and any alterations or tenant improvements it has made to the Premises. Neither Landlord nor Tenant shall be liable to the other for any loss or damage caused by water damage, sprinkler leakage, or any of the risks that are or could be covered by a standard all risk insurance policy with an extended coverage endorsement, or for any business interruption, and there shall be no subrogated claim by one party's insurance carrier against the other party arising out of any such loss.

Eminent
Domain

If a condemning authority takes title by eminent domain or by agreement in lieu thereof to the entire Building or a portion sufficient to render the Premises unsuitable for Tenant's use, then either party may elect to terminate this lease effective on the date that possession is taken by the condemning authority. Rent shall be reduced for the remainder of the term in an amount proportionate to the reduction in area of the Premises caused by the taking. All condemnation proceeds shall belong to Landlord, and Tenant shall have no claim against Landlord or the condemnation award because of the taking.

1 Assignment
and Subletting

This lease shall bind and inure to the benefit of the parties, their respective heirs, successors, and assigns, provided that Tenant shall not assign its interest under this lease or sublet all or any portion of the Premises without first obtaining Landlord's consent in writing. This provision shall apply to all transfers by operation of law including but not limited to mergers and changes in control of Tenant. No assignment shall relieve Tenant of its obligation to pay rent or perform other obligations required by this lease, and no consent to one assignment or subletting shall be a consent to any further assignment or subletting. Landlord shall not unreasonably withhold its consent to any assignment, or to subletting provided the subrental rate or effective rental paid by the assignee is not less than the current scheduled rental rate of the Building for comparable space and the proposed Tenant is compatible with Landlord's normal standards for the Building. If Tenant proposes a subletting or assignment to which Landlord is required to consent under this paragraph, Landlord shall have the option of terminating this lease and dealing directly with the proposed subtenant or assignee, or any third party. If an assignment or subletting is permitted, any cash profit, or the net value of any other consideration received by Tenant as a result of such transaction shall be paid to Landlord promptly following its receipt by Tenant. Tenant shall pay any costs incurred by Landlord in connection with a request for assignment or subletting, including reasonable attorneys' fees.

written notice from Lessor

1 Default

Any of the following shall constitute a default by Tenant under this lease:

(a) Tenant's failure to pay rent or any other charge under this lease within 10 days after it is due, or failure to comply with any other term or condition within 20 days following written notice from Landlord specifying the noncompliance. If such noncompliance cannot be cured within the 20-day period, this provision shall be satisfied if Tenant commences correction within such period and thereafter proceeds in good faith and with reasonable diligence to effect compliance as soon as possible. Time is of the essence of this lease.

(b) Tenant's insolvency, business failure or assignment for the benefit of its creditors. Tenant's commencement of proceedings under any provision of any bankruptcy or insolvency law or failure to obtain dismissal of any petition filed against it under such laws within the time required to answer; or the appointment of a receiver for Tenant's properties.

(c) Assignment or subletting by Tenant in violation of paragraph 10.1.


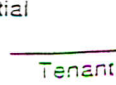
(d) Vacation or abandonment of the Premises without the written consent of Landlord.

2 Remedies for
Default

In case of default as described in paragraph 11.1 Landlord shall have the right to the following remedies which are intended to be cumulative and in addition to any other remedies provided under applicable law:

(a) Landlord may terminate the lease and retake possession of the Premises. Following such retaking of possession, efforts by Landlord to relet the Premises shall be sufficient if Landlord follows its usual procedures for finding tenants for the space at rates not less than the current rates for other comparable space in the Building. If Landlord has other vacant space in the Building, prospective tenants may be placed in such other space without prejudice to Landlord's claim to damages or loss of rentals from Tenant.

(b) Landlord may recover all damages caused by Tenant's default which shall include an amount equal to rentals lost because of the default, lease commissions paid for this lease, and the unamortized cost of any tenant improvements installed by Landlord to meet Tenant's special requirements. Landlord may sue periodically to recover damages as they occur throughout the lease term, and no action for accrued damages shall bar a later action for damages subsequently accruing. Landlord may elect in any one action to recover accrued damages plus damages attributable to the remaining term of the lease. Such damages shall be measured by the difference between the rent under this lease and the reasonable rental value of the Premises for the remainder of the term, discounted to the time of judgement at the prevailing interest rate on judgements.

Please initial
 Landlord
 Tenant

(c) Landlord may make any payment or perform any obligation which Tenant has failed to perform, in which case Landlord shall be entitled to recover from Tenant upon demand all amounts so expended, plus interest from the date of the expenditure at the rate of one-and-one-half percent per month. Any such payment or performance by Landlord shall not waive Tenant's default.

Surrender On expiration or early termination of this lease Tenant shall deliver all keys to Landlord and surrender the Premises broom clean and in the same condition as at the commencement of the term subject only to reasonable wear from ordinary use. Tenant shall remove all of its furnishings and trade fixtures that remain its property and restore all damage resulting from such removal. Failure to remove shall be an abandonment of the property, and Landlord may dispose of it in any manner without liability. If Tenant fails to vacate the Premises when required, including failure to remove all its personal property, Landlord may elect either: (i) to treat Tenant as a tenant from month to month, subject to the provisions of this lease except that rent shall be one-and-one-half times the total rent being charged when the lease term expired; or (ii) to eject Tenant from the Premises and recover damages caused by wrongful holdover.

Regulations Landlord shall have the right (but shall not be obligated) to make, revise and enforce regulations or policies consistent with this lease for the purpose of promoting safety, order, economy, cleanliness, and good service to all tenants of the Building. All such regulations and policies shall be complied with as if part of this lease.

Access During times other than normal Building hours Tenant's officers and employees or those having business with Tenant may be required to identify themselves or show passes in order to gain access to the Building. Landlord shall have no liability for permitting or refusing to permit access by anyone. Landlord shall have the right to enter upon the Premises at any time by passkey or otherwise to determine Tenant's compliance with this lease, to perform necessary services, maintenance and repairs to the Building or the Premises, or to show the Premises to any prospective tenant or purchasers. Except in case of emergency such entry shall be at such times and in such manner as to minimize interference with the reasonable business use of the Premises by Tenant.

Furniture and Bulky Articles Tenant shall move furniture and bulky articles in and out of the Building or make independent use of the elevators only at times approved by Landlord following at least 24 hours' written notice to Landlord of the intended move. Landlord will not unreasonably withhold its consent under this paragraph.

Notices Notices between the parties relating to this lease shall be in writing, effective when delivered, or if mailed, effective on the second day following mailing, postage prepaid, to the address for the party stated in this lease or to such other address as either party may specify by notice to the other. Notice to Tenant may always be delivered to the Premises. Rent shall be payable to Landlord at the same address and in the same manner, but shall be considered paid only when received.

Subordination This lease shall be subject and subordinate to any mortgages, deeds of trust, or land sale contracts (hereafter collectively referred to as encumbrances) now existing against the Building. At Landlord's option this lease shall be subject and subordinate to any future encumbrance hereafter placed against the Building (including the underlying land) or any modifications of existing encumbrances, and Tenant shall execute such documents as may reasonably be requested by Landlord or the holder of the encumbrance to evidence this subordination.

Transfer of Building If the Building is sold or otherwise transferred by Landlord or any successor, Tenant shall attorn to the purchaser or transferee and recognize it as the lessor under this lease, and, provided the purchaser assumes all obligations hereunder, the transferor shall have no further liability hereunder.

Estoppels Either party will within 20 days after notice from the other execute, acknowledge and deliver to the other party a certificate certifying whether or not this lease has been modified and is in full force and effect; whether there are any modifications or alleged breaches by the other party; the dates to which rent has been paid in advance, and the amount of any security deposit or prepaid rent; and any other facts that may reasonably be requested. Failure to deliver the certificate within the specified time shall be conclusive upon the party of whom the certificate was requested that the lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate. If requested by the holder of any encumbrance, or any ground lessor, Tenant will agree to give such holder or lessor notice of and an opportunity to cure any default by Landlord under this lease.

Attorneys' Fees In any litigation arising out of this lease, the prevailing party shall be entitled to recover attorneys' fees at trial and on any appeal.

Quiet Enjoyment Landlord warrants that so long as Tenant complies with all terms of this lease it shall be entitled to peaceable and undisturbed possession of the Premises free from any eviction or disturbance by Landlord. Landlord shall have no liability to Tenant for loss or damages arising out of the acts of other tenants of the Building or third parties, nor any liability for any reason which exceeds the value of its interest in the Building.

Landlord

Tenant

Please initial

1.1 Additional Rent-Tax Adjustment Whenever for any calendar year the real property taxes levied against the Building and its underlying land (and any tax levied wholly or partially in lieu thereof) exceed those levied during the calendar year in which this lease commenced, then the monthly rental for the next succeeding calendar year shall be increased by one-twelfth of such tax increase times Tenant's proportionate share. "Real property taxes" as used herein means all taxes and assessments of any public authority against the Building and the land on which it is located and the cost of contesting any tax. If any portion of the Building is occupied by a tax-exempt tenant so that the Building has a partial tax exemption under ORS 307.112 or a similar statute, then real property taxes shall mean taxes computed as if such partial exemption did not exist. If a separate assessment or identifiable tax increase arises because of improvements to the Premises, then Tenant shall pay 100 percent of such increase.

1.2 Tenant's Proportionate Share "Tenant's proportionate share" as used herein means the area of the Premises, divided by the total area of the Building (not including basement storage space), with area determined using one of the methods of building measurement defined by the Building Owners and Managers Association (BOMA). Tenant's proportionate share as of the lease commencement date shall be 20.74% percent.

1.3 Additional Rent-Operating Expense Adjustment Tenant shall pay as additional rent its proportionate share, as defined in 19.2, of the amount by which operating expenses for the Building increase over those experienced by Landlord during the calendar year when this lease commenced (base year). As of January 1 of each year Landlord shall estimate the amount by which operating expenses are expected to increase, if any, over those incurred in the base year. Monthly rental for the year shall be increased by one-twelfth of Tenant's share of the estimated increase. Following the end of each calendar year, Landlord shall compute the actual increase in operating expenses and bill Tenant for any deficiency or credit Tenant with any excess collected. As used herein "operating expenses" shall mean all costs of operating and maintaining the Building as determined by standard real estate accounting practice, including, but not limited to: all water and sewer charges; the cost of steam, natural gas, electricity provided to the Building; janitorial and cleaning supplies and services; administration costs and management fees; superintendent fees; security services, if any; insurance premiums; licenses, permits for the operation and maintenance of the Building and all of its component elements and mechanical systems; the annual amortized capital improvement cost (amortized over such a period as Lessor may select but not shorter than the period allowed under the Internal Revenue Service Code and at a current market interest rate) for any capital improvements to the Building required by any governmental authority or those which have a reasonable probability of improving the operating efficiency of the Building.

0.1 Complete Agreement This lease and the attached Exhibits and Schedules, if any, constitute the entire agreement of the parties and supersede all prior written and oral agreements and representations. Neither Landlord nor Tenant is relying on any representations other than those expressly set forth herein.

Addendum attached.

Reviewed:

Laurence Kressel, County Counsel
for Multnomah County, Oregon

By: _____

Date: _____

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this lease as of the day and year first written above.

LANDLORD: Urban Equities, Inc.

By Urban Equities Inc.

Address for notices: c/o Norris & Stevens, Inc.
610 SW Broadway, Suite 200
Portland, Oregon 97205

Name: W. P. Stevens
Title: Pres.

TENANT: Multnomah County

By _____

Address for notices: 2505 SE Eleventh

Name: _____

Portland, Oregon 97202

Title: _____

ADDENDUM

Addendum to that lease dated January 22, 1991, by and between Urban Equities, Inc., Lessor, and Multnomah County, Lessee.

1. Option:

Lessor grants lessee an option to extend said lease for a term of four years, commencing March 1, 1996, and expiring on February 28, 2000. Lessee shall notify Lessor in writing of its intention to exercise this option not less than ninety (90) days and not more than one hundred eighty (180) days prior to the expiration of the lease. All terms and conditions shall remain the same, except the rental rate, which shall be negotiated between Lessor and Lessee, but in no event shall the new rent be less than \$11,008.92 plus any operating expenses passed through to Lessee throughout the term of the original lease presently being paid. If the possession date and expiry date are changed in accordance with paragraph 1.1, then the above dates for commencement and expiration of the option shall be changed accordingly.

2. Property Taxes:

Under the provisions of ORS 307.112, certain real property tax savings resulting from the exemption of the property leased herein may accrue to the building. The tax savings resulting from the exemption under such statute shall be attributed to benefit the Lessee by a monthly reduction in the rent equal to the annual savings caused by the exemption divided by eight.

The amount of the rental offset shall be determined annually in November by multiplying the exempt value by the correct tax rate, divided by eight, and applying the reduction to the lease payments due in November through June coincident with the tax year in question.

3. First Right of Refusal:

Lessee shall have the first right of refusal to buy the Walnut Park Office Building, located at 5315 NE Martin Luther King Jr. Boulevard. Upon written notice by Lessor (or Lessor's agent) to Lessee that Lessor has received a bona fide offer to buy said building, Lessee shall have thirty (30) days to meet or better said offer. If Lessee chooses to meet or better said offer, Lessee and Lessor shall be bound by the terms and conditions in the offer or such other terms as may be acceptable to Lessor. If Lessee does not within the thirty (30) day period accept the offer, Lessor is free to enter into the transaction as outlined in the bona fide offer and Lessee shall have no further claim or rights to the building offered, or claim against Lessor. Lessee's first right of refusal shall be reinstated if Lessor is unable to conclude the sale.

4. Amortization of Tenant Improvements:

Lessor and Lessee agree that the tenant improvement allowance provided by Lessor is \$144,481. This sum is in addition to \$55,000 paid by Lessor towards tenant improvements as referred in paragraph 5 below. \$144,481 shall be amortized over the term of the lease at 12% per annum in the amount of \$3,213.90 per month. The sum of \$3,213.90 combined with the monthly rent of \$11,008.92 equals \$14,222.82, which is the base monthly rent due on the first day of the month of the lease term, plus any rental adjustments herein. Lessor agrees to recalculate the monthly amortization of the tenant improvement allowance if Lessee makes a lump sum payment to reduce the tenant improvement allowance balance. Said recalculation shall be based upon the remaining unpaid principle balance of tenant improvement allowance at the time of payment less the payment tendered, and the new tenant improvement balance shall be amortized over the remaining month of the lease, using a 12% per annum interest rate. This new monthly amortization amount shall be added to the monthly rental rate of \$11,008.92, plus any amounts of rental adjustments herein to determine a new base rent for the remainder of the lease term.

5. Lessee will make a cash payment of \$55,000 in addition to the first month's rent. Said payment shall be applied against the tenant improvement costs.
6. Lessee accepts responsibility for the cost of repair and/or replacement of exterior window glass, which is part of their leased premises.
7. Non-Recordation:

Neither party shall record this lease or any memoranda based hereon. Any attempt to do so shall constitute a material breach of the lease.
8. Upon execution of this lease by Lessee and Lessor, it is agreed and understood by Lessee and Lessor that lease dated November 7, 1990, shall be null and void.

The signatures affixed below signify approval and acceptance of the foregoing lease proposal.

APPROVED AND ACCEPTED

BY: Gladys McCoy DATE: 3/11/91
Gladys McCoy
Multnomah County Chair

BY: [Signature] DATE: 3/29/91
Urban Equities, Inc.

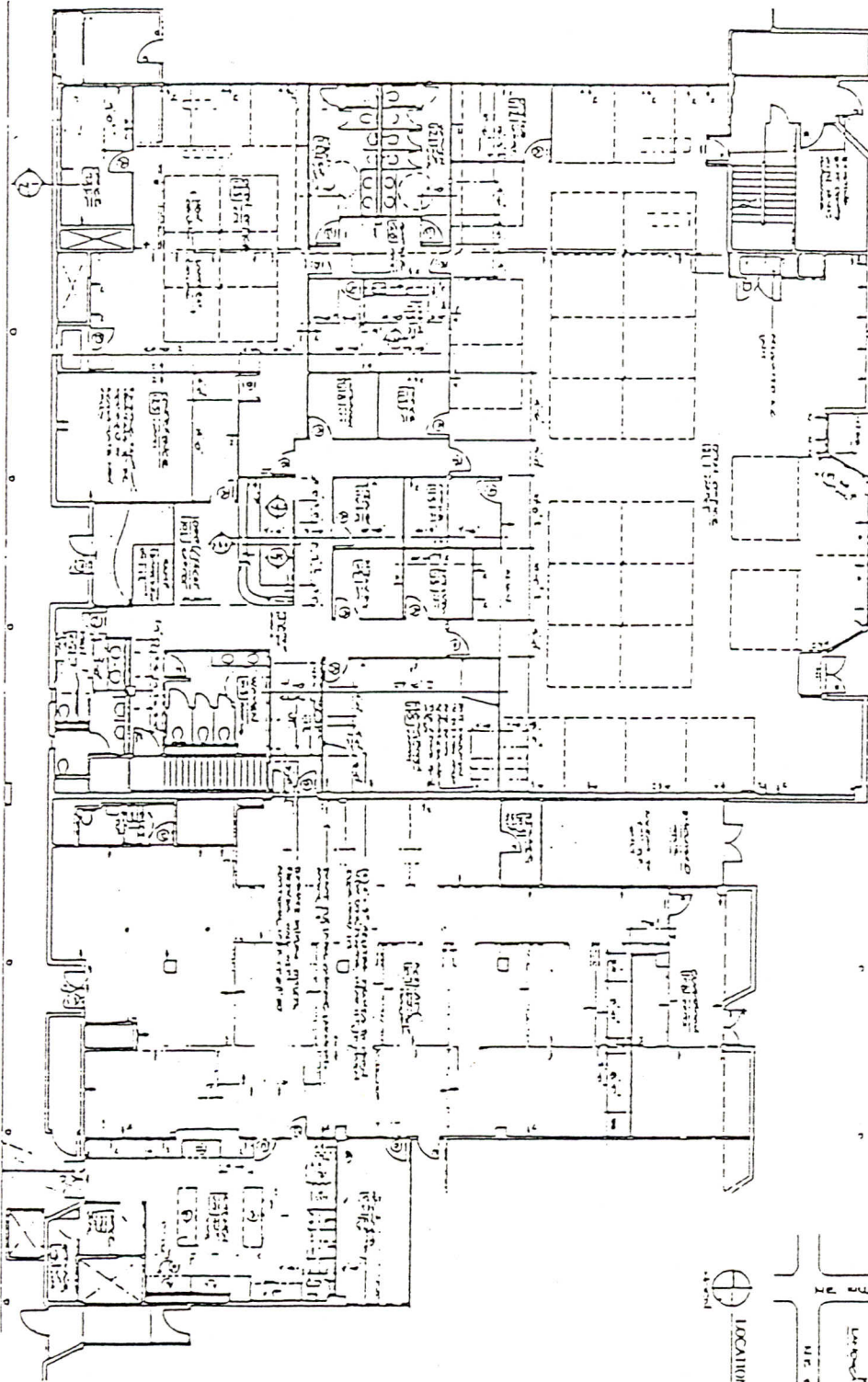
Reviewed:

Laurence Kressel, County Counsel
for Multnomah County, Oregon

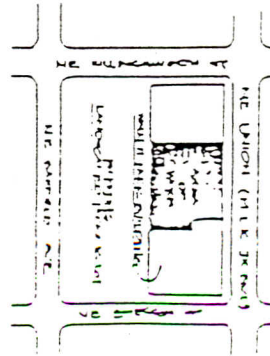
By: [Signature]
Date: 2/12/91

Exhibit A

THIRD FLOOR PLAN



LOCATION MAP



OFFICE LEASE

This lease, made and entered into at Portland, Oregon, this 25th day of March, 19 91, by and between
LANDLORD: Urban Equities, Inc.
and TENANT: Mid-K Beauty Supply, Inc. an Illinois Corporation

Landlord hereby leases to Tenant the following approximately 5,636 square feet located at 5411 NE Martin Luther King Jr. Blvd, Portland, Oregon (the Premises in the Walnut Park Building building (the Building) at 5411 NE Martin Luther King Jr. Blvd. Portland, Oregon, for a term commencing May 1, 19 91, and continuing through April 30, 19 96; at a Base Rental of \$ see rent schedule in Addendum (U.S.) per month payable in advance on the day of each month commencing May 1, 1991.

Landlord and Tenant covenant and agree as follows:

- 1.1 **Delivery of Possession** Should Landlord be unable to deliver possession of the Premises on the date fixed for the commencement of the term, commencement will be deferred and Tenant shall owe no rent until notice from Landlord tendering possession to Tenant. If possession is not so tendered within 90 days following commencement of the term, then Tenant may elect to cancel this lease by notice to Landlord within 10 days following expiration of the 90-day period. Landlord shall have no liability to Tenant for delay in delivering possession, nor shall such delay extend the term of this lease in any manner. For each day past commencement day until Lessor is able to deliver possession Lessor grants Lessee an additional day of free rent.
- 2.1 **Rent Payment** Tenant shall pay the Base Rent for the Premises and any additional rent provided herein without deduction or offset. Rent for any partial month during the lease term shall be prorated to reflect the number of days during the month that Tenant occupies the Premises. Additional rent means amounts determined under paragraphs 19.1 and 19.3 of this Lease and any other sums payable by Tenant to Landlord under this Lease. Rent not paid when due shall bear interest at the rate of one-and-one-half percent per month until paid. Landlord may at its option impose a late charge of \$.05 for each \$1 of rent for rent payments made more than 10 days late in lieu of interest for the first month of delinquency, without waiving any other remedies available for default.
- 3.1 **Lease Consideration** Upon execution of the lease Tenant has paid the Base Rent for the first full month of the lease term for which rent is payable and in addition has paid the sum of \$ 3,600.00 as lease consideration. Landlord may apply the lease consideration to pay the cost of performing any obligation which Tenant fails to perform within the time required by this lease, but such application by Landlord shall not be the exclusive remedy for Tenant's default. If the lease consideration is applied by Landlord, Tenant shall on demand pay the sum necessary to replenish the lease consideration to its original amount. To the extent not applied by Landlord to cure defaults by Tenant, the lease consideration shall be applied against the rent payable for the last month of the term. The lease consideration shall not be refundable.

4.1 Use

Tenant shall use the Premises as business offices for ^{tail of beauty supplies, hair and skin care products and small gift items} and for no other purpose without Landlord's written consent. In connection with its use, Tenant shall at its expense promptly comply with all applicable laws, ordinances, rules and regulations of any public authority and shall not annoy, obstruct, or interfere with the rights of other tenants of the Building. Tenant shall create no nuisance nor allow any objectionable fumes, noise, or vibrations to be emitted from the Premises. Tenant shall not conduct any activities that will increase Landlord's insurance rates for any portion of the Building or that will in any manner degrade or damage the reputation of the Building.

4.2 Equipment

Tenant shall install in the Premises only such office equipment as is customary for general office use and shall not overload the floors or electrical circuits of the Premises or Building or alter the plumbing or wiring of the Premises or Building. Landlord must approve in advance the location and manner of installing any electrical, heat generating or communication equipment or exceptionally heavy articles. Any additional air conditioning required because of heat generating equipment or special lighting installed by Tenant shall be installed and operated at Tenant's expense.

4.3 Signs

No signs, awnings, antennas, or other apparatus shall be painted on or attached to the Building or anything placed on any glass or woodwork of the Premises or positioned so as to be visible from outside the Premises without Landlord's written approval as to design, size, location, and color. All signs installed by Tenant shall comply with Landlord's standards for signs and all applicable codes and all signs and sign hardware shall be removed upon termination of this lease with the sign location restored to its former state unless Landlord elects to retain all or any portion thereof.

5.1 Utilities and Services

Landlord will furnish heat, electricity, elevator service, and if the Premises are air conditioned, air conditioning during the normal Building hours of 8:00 AM to 6:00 PM, Monday through Friday, ~~except holidays and 8:00 AM to 12:00 noon Saturdays, except holidays. Janitorial service will be provided in accordance with the regular schedule of the Building, which schedule and service may change from time to time.~~ Tenant shall comply with all government laws or regulations regarding the use or reduction of use of utilities on the Premises. Interruption of services or utilities shall not be deemed an eviction or disturbance of Tenant's use and possession of the Premises, render Landlord liable to Tenant for damages, or relieve Tenant from performance of Tenant's obligations under this lease, but Landlord shall take all reasonable steps to correct any interruptions in service. Electrical service furnished will be 110 volts unless different service already exists in the Premises. See Addendum for Lessee's hours of operation.

5.2 Extra Usage

If Tenant uses excessive amounts of utilities or services of any kind because of operation outside of normal Building hours, high demands from office machinery and equipment, nonstandard lighting, or any other cause, Landlord may impose a reasonable charge for supplying such extra utilities or services, which charge shall be payable monthly by Tenant in conjunction with rent payments. In case of dispute over any extra charge under this paragraph, Landlord shall designate a qualified independent engineer whose decision shall be conclusive on both parties. Landlord and Tenant shall each pay one-half of the cost of such determination.

6.1 Maintenance and Repair

Landlord shall have no liability for failure to perform required maintenance and repair unless written notice of the needed maintenance or repair is given by Tenant and Landlord fails to commence efforts to remedy the problem in a reasonable time and manner. Landlord shall have the right to erect scaffolding and other apparatus necessary for the purpose of making repairs, and Landlord shall have no liability for interference with Tenant's use because of repairs and installations. Tenant shall have no claim against Landlord for any interruption or reduction of services or interference with Tenant's occupancy, and no such interruption or reduction shall be construed as a constructive or other eviction of Tenant. Repair of damage caused by negligent or intentional acts or breach of this lease by Tenant, its employees or invitees shall be at Tenant's expense.

6.2 Alterations

Tenant shall not make any alterations, additions, or improvements to the Premises, change the color of the interior, or install any wall or floor covering without Landlord's prior written consent. Any such additions, alterations, or improvements, except for removable machinery and unattached movable trade fixtures, shall at once become part of the realty and belong to Landlord. Landlord may at its option require that Tenant remove any alterations and restore the Premises to the original condition upon termination of this lease. Landlord shall have the right to approve the contractor used by Tenant for any work in the Premises, and to post notices of nonresponsibility in connection with any work being performed by Tenant in the Premises.

7.1 Indemnity

Tenant shall not allow any liens to attach to the Building or Tenant's interest in the Premises as a result of its activities. Tenant shall indemnify and defend Landlord from any claim, liability, damage, or loss occurring on the Premises, arising out of any activity by Tenant, its agents, or invitees or resulting from Tenant's failure to comply with any term of this lease. Landlord shall have no liability to Tenant because of loss or damage caused by the acts or omissions of other Tenants of the Building, or by third parties.

7.2 Insurance

Tenant shall carry liability insurance with the following limits \$500,000.00 of combined single limit. which insurance shall have an endorsement naming Landlord and Landlord's agent, if any, as an insured and covering the liability insured under paragraph 7.1 of this lease. Tenant shall furnish a certificate evidencing such insurance which shall state that the coverage shall not be cancelled or materially changed without 10 days' advance notice to Landlord and Landlord's agent, if any, and a renewal certificate shall be furnished at least 10 days prior to expiration of any policy.

*See Addendum Paragraph 24.1

(c) Landlord may make any payment or perform any obligation which Tenant has failed to perform, in which case Landlord shall be entitled to recover from Tenant upon demand all amounts so expended, plus interest from the date of the expenditure at the rate of one-and-one-half percent per month. Any such payment or performance by Landlord shall not waive Tenant's default.

12.1 Surrender

On expiration or early termination of this lease Tenant shall deliver all keys to Landlord and surrender the Premises broom clean and in the same condition as at the commencement of the term subject only to reasonable wear from ordinary use. Tenant shall remove all of its furnishings and trade fixtures that remain its property and restore all damage resulting from such removal. Failure to remove shall be an abandonment of the property, and Landlord may dispose of it in any manner without liability. If Tenant fails to vacate the Premises when required, including failure to remove all its personal property, Landlord may elect either: (i) to treat Tenant as a tenant from month to month, subject to the provisions of this lease except that rent shall be one-and-one-half times the total rent being charged when the lease term expired; or (ii) to eject Tenant from the Premises and recover damages caused by wrongful holdover.

13.1 Regulations

Landlord shall have the right (but shall not be obligated) to make, revise and enforce regulations or policies consistent with this lease for the purpose of promoting safety, order, economy, cleanliness, and good service to all tenants of the Building. All such regulations and policies shall be complied with as if part of this lease.

14.1 Access

During times other than normal Building hours Tenant's officers and employees or those having business with Tenant may be required to identify themselves or show passes in order to gain access to the Building. Landlord shall have no liability for permitting or refusing to permit access by anyone. Landlord shall have the right to enter upon the Premises at any time by passkey or otherwise to determine Tenant's compliance with this lease, to perform necessary services, maintenance and repairs to the Building or the Premises, or to show the Premises to any prospective tenant or purchasers. Except in case of emergency such entry shall be at such times and in such manner as to minimize interference with the reasonable business use of the Premises by Tenant.

14.2 Furniture and Bulky Articles

Tenant shall move furniture and bulky articles in and out of the Building or make independent use of the elevators only at times approved by Landlord following at least 24 hours' written notice to Landlord of the intended move. Landlord will not unreasonably withhold its consent under this paragraph.

15.1 Notices

Notices between the parties relating to this lease shall be in writing, effective when delivered, or if mailed, effective on the second day following mailing, postage prepaid, to the address for the party stated in this lease or to such other address as either party may specify by notice to the other. Notice to Tenant may always be delivered to the Premises. Rent shall be payable to Landlord at the same address and in the same manner, but shall be considered paid only when received.

16.1 Subordination

This lease shall be subject and subordinate to any mortgages, deeds of trust, or land sale contracts (hereafter collectively referred to as encumbrances) now existing against the Building. At Landlord's option this lease shall be subject and subordinate to any future encumbrance hereafter placed against the Building (including the underlying land) or any modifications of existing encumbrances, and Tenant shall execute such documents as may reasonably be requested by Landlord or the holder of the encumbrance to evidence this subordination.

16.2 Transfer of Building

If the Building is sold or otherwise transferred by Landlord or any successor, Tenant shall attorn to the purchaser or transferee and recognize it as the lessor under this lease, and, provided the purchaser assumes all obligations hereunder, the transferor shall have no further liability hereunder.

16.3 Estoppels


Either party will within 20 days after notice from the other execute, acknowledge and deliver to the other party a certificate certifying whether or not this lease has been modified and is in full force and effect; whether there are any modifications or alleged breaches by the other party; the dates to which rent has been paid in advance, and the amount of any security deposit or prepaid rent; and any other facts that may reasonably be requested. Failure to deliver the certificate within the specified time shall be conclusive upon the party of whom the certificate was requested that the lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate. If requested by the holder of any encumbrance, or any ground lessor, Tenant will agree to give such holder or lessor notice of and an opportunity to cure any default by Landlord under this lease.

17.1 Attorneys' Fees

In any litigation arising out of this lease, the prevailing party shall be entitled to recover attorneys' fees at trial and on any appeal.

18.1 Quiet Enjoyment

Landlord warrants that so long as Tenant complies with all terms of this lease it shall be entitled to peaceable and undisturbed possession of the Premises free from any eviction or disturbance by Landlord. Landlord shall have no liability to Tenant for loss or damages arising out of the acts of other tenants of the Building or third parties, nor any liability for any reason which exceeds the value of its interest in the Building.

Landlord  Release initial  Tenant

- 19.1 **Additional Rent-Tax Adjustment** Whenever for any calendar year the real property taxes levied against the Building and its underlying land (and any tax levied wholly or partially in lieu thereof) exceed those levied during the calendar year in which this lease commenced, then the monthly rental for the next succeeding calendar year shall be increased by one-twelfth of such tax increase times Tenant's proportionate share. "Real property taxes" as used herein means all taxes and assessments of any public authority against the Building and the land on which it is located and the cost of contesting any tax. If any portion of the Building is occupied by a tax-exempt tenant so that the Building has a partial tax exemption under ORS 307.112 or a similar statute, then real property taxes shall mean taxes computed as if such partial exemption did not exist. If a separate assessment or identifiable tax increase arises because of improvements to the Premises, then Tenant shall pay 100 percent of such increase. The annual increase shall not exceed 5% over the previous year. *plc*
- 19.2 **Tenant's Proportionate Share** Tenant's proportionate share* as used herein means the area of the Premises, divided by the total area of the Building (not including basement storage space), with area determined using one of the methods of building measurement defined by the Building Owners and Managers Association (BOMA). Tenant's proportionate share as of the lease commencement date shall be 7.52% percent.
- 19.3 **Additional Rent-Operating Expense Adjustment** Tenant shall pay as additional rent its proportionate share, as defined in 19.2, of the amount by which operating expenses for the Building increase over those experienced by Landlord during the calendar year when this lease commenced (base year). As of January 1 of each year Landlord shall estimate the amount by which operating expenses are expected to increase, if any, over those incurred in the base year. Monthly rental for the year shall be increased by one-twelfth of Tenant's share of the estimated increase. Following the end of each calendar year, Landlord shall compute the actual increase in operating expenses and bill Tenant for any deficiency or credit Tenant with any excess collected. As used herein "operating expenses" shall mean all costs of operating and maintaining the Building as determined by standard real estate accounting practice, including, but not limited to: all water and sewer charges; the cost of steam, natural gas, electricity provided to the Building; janitorial and cleaning supplies and services; administration costs and management fees; superintendent fees; security services, if any; insurance premiums; licenses, permits for the operation and maintenance of the Building and all of its component elements and mechanical systems; the annual amortized capital improvement cost (amortized over such a period as Lessor may select but not shorter than the period allowed under the Internal Revenue Service Code and at a current market interest rate) for any capital improvements to the Building required by any governmental authority or those which have a reasonable probability of improving the operating efficiency of the Building. The annual increase shall not exceed 5% over the previous year.
- 20.1 **Complete Agreement** This lease and the attached Exhibits and Schedules, if any, constitute the entire agreement of the parties and supersede all prior written and oral agreements and representations. Neither Landlord nor Tenant is relying on any representations other than those expressly set forth herein.

The attached Addendum is, by this mention, made a part of this Lease. *plc*

*of the lessee's prorata tax obligation.

**of the lessee's prorata operating expense obligation.

IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this lease as of the day and year first written above.

LANDLORD: Urban Equities, Inc.
c/o Norris & Stevens, Inc.
Address for notices: 610 SW Broadway
Portland, OR 97205

By *[Signature]*
Name: XL Ford PARTNERSHIP
Title: Managing Partner

TENANT: Mid-K Beauty Supply, Inc.
5411 NE Martin Luther King Jr. Blvd.
Address for notices: _____
Portland, OR 97211

By *[Signature]*
Name: Dong K. Kim
Title: President

ADDENDUM

Addendum to that certain lease dated March 25, 1991 between Urban Equities, Inc., Lessor and Mid-K Beauty Supply, Inc. an Illinois Corporation, Lessee.

21.1 Rent Schedule:

<u>Months</u>	<u>Monthly Rent</u>
1 & 2	\$ 0.00
3 - 20	\$ 3,000.00
21 - 40	\$ 3,300.00
41 - 60	\$ 3,600.00

22.1 Lessors Tenant Improvements at Lessor's Expense:

- A. Construct a wall labeled D (see attached plan).
- B. Remove wall labeled B (see attached plan).
- C. Remove steel siding from exterior windows labeled C (see attached plan).
- D. Remove wall labeled E (see attached plan).
- E. Construct a firewall around stairwell to west mezzanine.
- F. Extend the partial height east wall of west mezzanine up to the ceiling.

23.1 Lessee Responsibilities:

- A. Any windows broken during the lease term will be replaced at lessee's expense.
- B. Interior maintenance of tenants leased space is at lessee's expense.

24.1 Lessee's Weekly Hours of Operation:

Monday through Thursday	9:00 AM - 7:00 PM
Friday and Saturday	9:00 AM - 8:00 PM
Sunday	11:00 AM - 5:00 PM



Addendum

Urban Equities, Inc./Mid-K Beauty Supply, Inc.

March 25, 1991

Page 2

24.1 continued:

It is estimated that the Lessee will operate an additional eighteen (18) hours per week or approximately seventy two (72) hours per month more than the accustomed stated operating hours of the building. As a result, Lessee agrees to reimburse Lessor seventy two dollars (\$72.00) each month in addition to the monthly rent. If either the cost of electricity or the hours of operation change, this additional charge may be changed accordingly. In no event shall reduced hours of operation result in a net monthly payment for rent to Lessor less than the stated rent in Paragraph 21.1.

Lessor waives his requirement for heat on weekend and weekday evenings beyond 6:00 PM.

25.1 Option:

Lessor grants lessee an option to extend said lease for an additional term of five (5) years. All terms and conditions will remain the same except the monthly rental which will be negotiated between lessee and lessor. However, in no event will the monthly rent be less than the monthly rental at the time of lease expiration. Lessee shall notify lessor of his intention to exercise the option within ninety (90) days prior to the expiration date.

26.1 Lessor shall not lease space in the same building in which Lessee's space is located to another cosmetic retailer of hair and skin care products.

A handwritten signature in dark ink, appearing to be "AT DLO", is located in the bottom right corner of the page.

GUARANTY

Guaranty to that certain lease dated March 25, 1991 between Urban Equities, Inc., Lessor and Mid-K Beauty Supply, Inc. an Illinois Corporation, Lessee.

In consideration of Urban Equities, Inc., a Washington Corporation ("Obligee" entering into a Commercial Lease ("the Lease") with Mid-K Beauty Supply, Inc., an Illinois Corporation ("Tenant"), pertaining to approximately five thousand six hundred thirty-six (5,636) square feet of space situated in the building located at 5411 NE Martin Luther King, Jr. Boulevard, Portland, Oregon, the undersigned Guarantor hereby unconditionally guarantees punctual payment of all rent and other payments required to be paid under the Lease when due and prompt performance of all other obligations under the Lease. Guarantor shall be directly liable to Obligee for any sum due from Tenant under the Lease without requiring the Obligee to first proceed against Tenant. Guarantor agrees that Obligee may deal with Tenant in any manner in which Obligee sees fit in connection with the Lease, without any further consent of Guarantor. Specifically, but without limitation, Guarantor agrees that any extension of time, amendment or modification of the Lease; compromise of the amount of any obligation or liability under the Lease; or assignment, hypothecation, subletting or other transfer of Tenant's interest in this Lease shall not affect Guarantor's liability under this Guaranty.

Guarantor hereby waives presentment, protest, notice of default, demand for payment and all other suretyship defenses whatsoever with respect to any payment guaranteed under this Guaranty, and agrees to pay unconditionally upon demand all amounts owed under the Lease.

If any action or any appeal is necessary in connection with this Guaranty or the Lease or the collection of any payment under this Guaranty or the Lease, Obligee shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which Obligee may be entitled. Guarantor agrees that Guarantor will promptly reimburse Obligee, to the extent that the payment of such attorneys; fees, costs and necessary disbursements are due from and not made by, Tenant.

Each reference in this Guaranty to "Obligee" shall be deemed to include the successors and assigns of Obligee, in whose favor the provisions of this Guaranty shall also inure. Each reference in this Guaranty to the "Guarantor" shall be deemed to include the successors and assigns of Guarantor, all of whom shall be bound by the provisions of the Guaranty.