

ESCROW AGREEMENT

This Escrow Agreement is dated as of January 06, 2009, by and between the City of Lake Oswego (the "City") and the Lake Oswego Corporation (the "Lake Corp.").

WHEREAS, the City is engaged in a significant public works project (the "Oswego Lake Sewer Upgrade Project" or "OLIS Project") pursuant to a Mutual Agreement and Order with the Oregon Department of Environmental Quality ("DEQ") which will involve the laying, constructing, testing, and making operational sanitary sewer lines and related structures in and around Oswego Lake.

WHEREAS, the City and the Lake Corp. entered into a Sewer Line Easement Agreement and a Drawdown Agreement (the "Agreements") on March 4, 2008 to reach agreement on certain terms and ensure cooperation between the City and the Lake Corp. during the OLIS Project.

WHEREAS, the City and the Lake Corp. are prepared to execute Amendment No. 1 to the Sewer Line Easement Agreement (attached as Exhibit A), Amendment No. 1 to the Drawdown Agreement (attached as Exhibit B) and a Letter Agreement (attached as Exhibit C), together with an additional permanent easement and temporary easement that are referenced in, and attached as exhibits to, the Letter Agreement.

WHEREAS, conveyance of certain additional easements in Amendment No. 1 to the Sewer Line Agreement, specifically those in Exhibit W and Exhibit Z, and the Letter Agreement are related to and contingent upon the City's acquisition of two parcels of property known as 716 and 706 McVey Avenue (the "McVey Properties").

NOW, THEREFORE, the City and the Lake Corp. agree as follows:

SECTION 1. The City and the Lake Corp. agree to execute Amendment No. 1 to the Sewer Line Easement Agreement, together with the new permanent and temporary easements described in such Amendment, Amendment No. 1 to the Drawdown Agreement and the Letter Agreement, together with the permanent and temporary easements referenced in the Letter Agreement, immediately.

SECTION 2. Amendment No. 1 to the Sewer Line Easement Agreement, together with the new permanent and temporary easements described in such Amendment, the Letter Agreement, and the permanent and temporary easements referenced in the Letter Agreement, shall be held in escrow at Pacific Northwest Title of Oregon, Inc., Lake Oswego office (the "Escrow Agent"), and, subject to the provisions of Section 3 below, shall take effect and be recorded at the time the City delivers to the Escrow Agent notice that the City has acquired title to the McVey Properties, with copy to the Lake Corp., attaching copies of the recorded deeds or condemnation documents by which the City acquired the title to both McVey Properties.

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SECTION 3. Upon the earlier of:

A. five (5) business days following written notice from the City to the Lake Corp stating that the City will not acquire title to the McVey Properties, or

B. one year following the date of this Escrow Agreement, if the City does not acquire title to the McVey properties within that one year,

the Lake Corp. and the City shall enter into, execute and record a revised version of Amendment No. 1 to the Sewer Line Easement Agreement which deletes all references to easements in the East Arm of the Lake and at the McVey Properties (Exhibit W and Exhibit Z), which Exhibits W and Z shall then have no effect and shall not be recorded, and which revised version of such Amendment No. 1 shall be delivered with instructions from the City and Lake Corp. that the Letter Agreement is void, and that the easements attached to the Letter Agreement shall have no effect and will not be recorded.

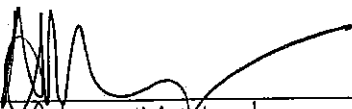
SECTION 4. This Escrow Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same agreement. Facsimile signatures shall be considered originals for all purposes whatsoever. The City shall pay all escrow fees and charges of the Escrow Agent, and any recording fees associated with this transaction.


SECTION 5. The parties acknowledge that each has sought and received independent outside legal counsel and advice regarding the provisions of this Escrow Agreement and each is voluntarily and knowingly entering into this Escrow Agreement.

IN WITNESS HEREOF, the parties have caused this instrument to be executed on the date(s) shown below and mutually agree that this instrument will be in full force and effect upon the date that it has been executed by both the City and the Lake Corp. as provided for herein (the "Effective Date").

THE CITY OF LAKE OSWEGO

THE LAKE OSWEGO CORPORATION

By: 
Name: Alex McIntyre
Title: City Manager

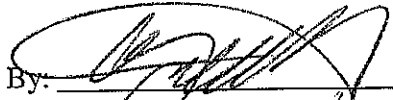
By: 
Name: William R. O'Neill
Title: PRESIDENT

Dated: January 6th, 2009

Dated: January 06, 2009

Escrow Agent accepts the documents described above subject to the terms of the Escrow Agreement.

Pacific Northwest Title of Oregon, Inc.

By: 
Name: Bryan Hendricks
Title: Escrow Officer

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ORIGINAL DOCUMENTS TO BE RECORDED:

1. Exhibit A – Permanent Easement
2. Exhibit B – Temporary Easement
3. Amendment No. 1 to the Sewer Line Easement Agreement with attached Exhibits A, B, C, I, P, Q, R, W, X, Y and Z
4. Individually record Exhibits B, C, I, Q, R, W, X, Y and Z