

**90-01090****IMPROVEMENT AGREEMENT**

AGREEMENT dated as of December 6, 1989, between DESCHUTES COUNTY, a political subdivision of the state of Oregon ("County"), and STAGE STOP, INC., an Oregon corporation doing business as River Meadows ("River Meadows");

**RECITALS**

A. River Meadows is the developer of a recreational home site subdivision in Deschutes County, Oregon, platted as Stage Stop Meadows.

B. River Meadows has applied to the County for permission to replat the Stage Stop Meadows lots listed on Schedule A attached hereto.

C. River Meadows intends to file its application for final approval of the replat of the lots described on Schedule A prior to the completion of all required road and utility improvements. In accordance with Deschutes County Code Section 17.24.090 River Meadows wishes, in lieu of completing the required improvements prior to filing the final replat, to enter into an agreement with the County pursuant to which River Meadows will (i) guarantee the completion of the improvements and (ii) provide a good and sufficient bond to ensure the availability of funds for that purpose.

**TERMS**

In consideration of the premises and the covenants of the parties set forth herein, it is agreed as follows:

1. The real property subject to this agreement (the "Real Property") is described in Schedule A, attached hereto and by this reference incorporated herein.

2. River Meadows shall install and complete all required improvements to the Real Property (the "Improvements") as specified by the terms of the replat, and as required by Title 17, Deschutes County Code, and any other Deschutes County Ordinance applicable to the Real Property provided that streets shall be installed and paved to County private road standards including without limitation the installation of underground sewer, water, and power lines and the installation and paving of streets on or before September 30, 1990.

3. If the Improvements are not completed by the date for completion shown in Section 2 above, the County may contract to have the Improvements installed and completed, and call upon River Meadows' bond and any assets of River Meadows to recover from River Meadows the full costs and expenses of completing the Improvements, together with court costs and attorney fees necessary to collect said amounts.

4. The County may extend the date by which Improvements are to be completed, provided that River Meadows' bond is extended for the same period.

5. River Meadows shall pay to the County the actual costs incurred in the inspection of the completed Improvements.

6. The bond to assure installation and completion of the Improvements shall be a written guarantee by means of an Assignment of trust funds from United States National Bank of Oregon and Donald R. Holman as Trustees of the Arthur T. Church Trust in the form attached as Schedule B, in the amount of \$148,133.

7. This agreement is contingent upon the recording of the final replat.

8. The County may draw upon River Meadows' bond upon default of this agreement for any and all costs and expenses incurred by the County in the completion of the Improvements. If the amount of River Meadows' bond is less than the costs and expenses incurred by the County, River Meadows shall be liable to County for the difference.

9. Upon completion and County inspection and acceptance of any portion of the Improvements and upon request by River Meadows, the County may release in writing any of River Meadows' obligations under the terms and conditions of this agreement.

10. The bond shall be released by the County upon request by River Meadows ninety (90) days after the completion, inspection and approval of the Improvements. River Meadows shall provide proof that no lien has been filed against the Improvements prior to requesting release of the bond.

11. River Meadows shall restore any monument erected or used for the purpose of designating a survey marker or boundary of any town, tract, plat or parcel of land which monument is broken, damaged, removed or destroyed, during the course of work provided for or anticipated by this agreement, whether intentional or otherwise, by River Meadows or River Meadows' agents, employees or independent contractors.

12. The original of this agreement shall be recorded with the Deschutes County Clerk and shall be binding upon the successors and assigns of the parties, and is a condition and covenant running with the land and binding upon the Real Property.

13. The existence of this agreement shall be noted upon the final replat by reference to the recording book and page numbers.

14. It is agreed by and between the parties that River Meadows is not carrying out a function on behalf of the County,

and the County does not have the right to direct or control the manner in which River Meadows completes performance under this agreement or exercise any control over the activities of River Meadows.

15. County is not, by virtue of this agreement, a partner or joint venturer with River Meadows in connection with River Meadows' subdivision, and shall have no obligation with respect to River Meadows' debts or any other liabilities of any nature.

16. River Meadows shall be responsible for any and all injury to persons or property caused directly or indirectly by reason of activities of River Meadows in the performance of this agreement; and River Meadows agrees to indemnify, save harmless and defend the County, its officers, agents and employees from and against all claims, suits, actions, damages, costs, losses and expenses in any manner resulting from, arising out of, or connected with any such injury.

17. In the event an action or suit or proceeding, including appeal therefrom, is brought for failure to observe any of the terms of this agreement, the prevailing party shall be entitled to recover from the losing party reasonable attorney fees as the court may adjudge in said action, suit, proceeding or appeal.

18. Waiver of the strict performance of any provision of this agreement shall not constitute the waiver of any other provision or of the agreement.

IN WITNESS WHEREOF, this agreement has been executed as of the date first above written.

DESCHUTES COUNTY, OREGON

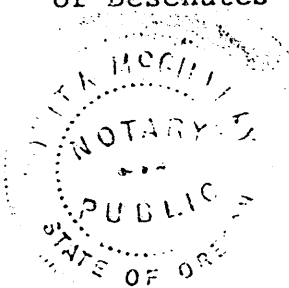
STAGE STOP, INC.,  
dba River Meadows

By Larry Rice 12-29-89  
Director of Public Works (title)

By D. J. Doherty  
President

STATE OF OREGON            )  
  ) SS  
COUNTY OF DESCHUTES    )

This instrument was acknowledged before me on December 29, 1989, by Larry Rice, Dir. of Public Works of Deschutes County, Oregon.



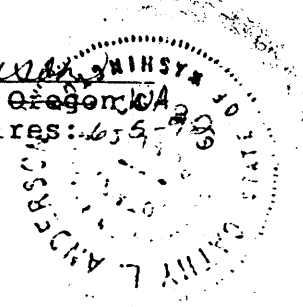
Bonita McHenry  
Notary Public for Oregon  
My commission expires:

200 - 1992

STATE OF <sup>Washington</sup> OREGON )  
 )  
COUNTY OF King ) SS

This instrument was acknowledged before me on  
December 5, 1989, by Dennis DeLaHunt, president of River  
Meadows.

Cathy A. Anderson  
Notary Public for Oregon  
My commission expires: 6-5-90



200 - 1993

SCHEDULE A TO AGREEMENT BETWEEN  
STAGE STOP, INC., dba RIVER MEADOWS AND DESCHUTES COUNTY

Description of Affected Lots

Those lots in Stage Stop Meadows, Deschutes County,  
Oregon, described below:

Lots 9 through 35 and lots 48 through 63, Block 3, River  
Meadows subdivision, a replat of a portion of the Fifth, Sixth  
and Eighth Additions to Stage Stop Meadows, Deschutes County,  
Oregon.

SCHEDULE A

The undersigned, as trustee's of the ARTHUR CHURCH TRUST do hereby assign, transfer and set over unto DESCHUTES COUNTY c/o Helen Rastovich, Deschutes County Treasurer, all right, title and interest in and to the sum of \$148,133 which is held in irrevocable trust account #861-2069900 with the United States National Bank of Oregon, Trust Group, in the name of the Arthur Church Trust with full power and authority to demand, collect and receive said funds and to give receipt and acquittance therefore as security for:

The cost of completion of the required improvements to be constructed in portions of the Fifth, Sixth, and Eighth Additions of Stage Stop Meadows, Deschutes County, Oregon, as specified in Section 2 of the Improvement Agreement dated as of December 6, 1989, between assignee and applicant, a copy of which is attached hereto as Schedule A.

It is understood that United States National Bank of Oregon's Trust Group will hold the aforementioned sum in cash or cash equivalents until a release either in full or in part of this assignment is received from the assignee. It is further understood that the Bank will hold this sum in trust for the uses and purposes stated herein. Interest earned on the account shall be payable to the undersigned.

Date: December 20, 1989

ARTHUR CHURCH TRUST

By

[Signature]  
John A. Karas, Assistant Vice President & Trust Officer  
U.S.N.B. Co-Trustee

By

[Signature]  
Donald Holman, Co-Trustee

The Bank hereby accepts the foregoing assignment and acknowledges receipt of a copy of this assignment. A hold has been placed on the account for the stated amount which shall be held as security for the above described purposes until collected or released by the assignee.

Date: December 20, 1989

United States National Bank of Oregon

By

[Signature]  
John A. Karas, Assistant Vice President & Trust Officer

STATE OF OREGON )  
COUNTY OF DESCHUTES )

I, MARY SUE PENHOLLOW, COUNTY CLERK AND RECORDER OF CONVEYANCES, IN AND FOR SAID COUNTY, DO HEREBY CERTIFY THAT THE WITHIN INSTRUMENT WAS RECORDED THIS DAY:

90 JAN 16 AM 8:06

MARY SUE PENHOLLOW  
COUNTY CLERK

BY: [Signature] DEPUTY

NO. 90-01090 FEE 30

DESCHUTES COUNTY OFFICIAL RECORDS

SCHEDULE B