

REEL 4183 PAGE 73
 MARION COUNTY
 BILL BURGESS, COUNTY CLERK
 04-05-2019 10:45 am.
 Control Number 546590 \$ 96.00
 Instrument 2019 00014111

AFTER RECORDING RETURN TO:
 Urban Renewal Agency of the City of Salem
 350 Commercial St NE
 Salem, OR 97301

TAXES:
 Salem LTC Properties, LLC
 4560 SE International Way Suite 100
 Milwaukie, OR 97222

THIRD AMENDMENT

This is the Third Amendment to that certain Development Agreement (Agreement), dated March 10, 2015, by and between the URBAN RENEWAL AGENCY OF THE CITY OF SALEM, an Oregon quasi-municipal corporation ("Agency"), and SALEM LTC PROPERTIES, LLC, an Oregon limited liability company ("Developer"), recorded with Marion County on Reel 3744 Page 317.

RECITALS

A. Whereas, Developer and Agency entered into the Agreement for development of certain real property legally described as: Parcels 1 and 2 of Partition Plat No. 2015-33, City of Salem, Marion County, Oregon;

B. Whereas, Agency and Developer desire to amend the Agreement to establish a new deadline for the construction of improvements;

NOW THEREFORE, the Parties agree that the following section of the Agreement be amended as shown below:

3.2 Schedule. Developer agrees to use its commercially reasonable efforts to acquire the Land upon terms reasonably satisfactory to Developer, to obtain a commitment (the "Financing Commitment") for financing of construction of the Project from a lender and upon terms reasonably satisfactory to Developer, and to begin construction of the Project, all on or before ~~March 1, 2019~~ March 1, 2020, and, subject to Unavoidable Delays, to substantially complete construction by ~~March 1, 2020~~ March 1, 2021. For the avoidance of doubt, Developer's failure to complete construction by ~~March 1, 2020~~ March 1, 2021 due to Unavoidable Delays shall not be a default by Developer. For purposes of this section, "begin construction" means the date on which Developer has obtained a building permit and begun physical work on the Project Property to construct improvements necessary for the Project, and "substantially complete construction" means the date on which the Agency has provided Developer a certificate of completion as described in Section 4.3. Agency agrees to reasonably


cooperate with Developer in its efforts to obtain the Financing Commitment, including any amendment to this Agreement reasonably required by any lender providing financing relating to the Project so long as such amendment does not increase Agency's monetary obligations, or materially and adversely increase Agency's non-monetary obligations, or materially diminish Agency's rights under this Agreement. In the event that Developer does not begin construction by ~~September 1, 2018~~ March 1, 2019, then this Agreement shall terminate and neither party shall have any further obligations hereunder.

Except as set forth in this Second Amendment, the terms and conditions of the Agreement shall remain unchanged.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE(S)]

IN WITNESS WHEREOF, the parties hereto have subscribed their names,

SALEM LTC PROPERTIES, LLC

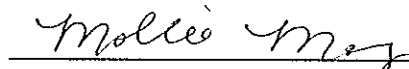


By Phillip Fogg, its Manager.

STATE OF OREGON)
)ss.
County of)

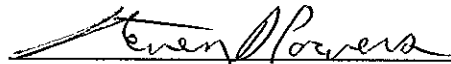
This instrument was acknowledged before me on Feb 7th, 2019 by
Phillip Fogg as manager of Salem LTC Properties, LLC.





Notary Public - State of Oregon
My commission expires: Sept. 27th, 2022

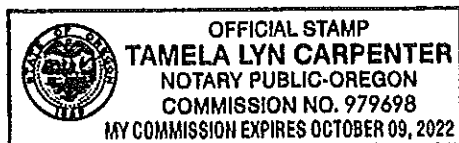
URBAN RENEWAL AGENCY OF THE CITY OF SALEM,
an Oregon quasi-municipal corporation

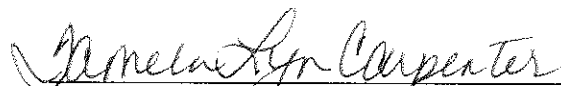


Steven D. Powers, Executive Director

STATE OF OREGON)
)ss.
County of Marion)

This instrument was acknowledged before me on March 5, 2019, by
Steven D. Powers, as Executive Director of the Urban Renewal Agency of the City of
Salem.





Notary Public - State of Oregon
My commission expires October 9, 2022

REEL: 4183

PAGE: 73

April 05, 2019, 10:45 am.

CONTROL #: 546590

State of Oregon
County of Marion

I hereby certify that the attached
instrument was received and duly
recorded by me in Marion County
records:

FEE: \$ 96.00

BILL BURGESS
COUNTY CLERK

THIS IS NOT AN INVOICE.

AFTER RECORDING RETURN TO: ✓
Urban Renewal Agency of the City of Salem
350 Commercial St NE
Salem, OR 97301

TAXES:
Salem LTC Properties, LLC
4560 SE International Way Suite 100
Milwaukie, OR 97222

SECOND AMENDMENT

This is the Second Amendment to that certain Development Agreement (Agreement), dated March 10, 2015, by and between the URBAN RENEWAL AGENCY OF THE CITY OF SALEM, an Oregon quasi-municipal corporation ("Agency"), and SALEM LTC PROPERTIES, LLC, an Oregon limited liability company ("Developer"), recorded with Marion County on Reel 3744 Page 317.

RECITALS

A. Whereas, Developer and Agency entered into the Agreement for development of certain real property legally described as: Parcels 1 and 2 of Partition Plat No. 2015-33, City of Salem, Marion County, Oregon;

B. Whereas, Agency and Developer desire to amend the Agreement to establish a new deadline for the construction of improvements;

NOW THEREFORE, the Parties agree that the following section of the Agreement be amended as shown below:

3.2 Schedule. Developer agrees to use its commercially reasonable efforts to acquire the Land upon terms reasonably satisfactory to Developer, to obtain a commitment (the "Financing Commitment") for financing of construction of the Project from a lender and upon terms reasonably satisfactory to Developer, and to begin construction of the Project, all on or before ~~March 1, 2018~~ March 1, 2019, and, subject to Unavoidable Delays, to substantially complete construction by ~~March 30, 2019~~ March 1, 2020. For the avoidance of doubt, Developer's failure to complete construction by ~~March 30, 2019~~ March 1, 2020 due to Unavoidable Delays shall not be a default by Developer. For purposes of this section, "begin construction" means the date on which Developer has obtained a building permit and begun physical work on the Project Property to construct improvements necessary for the Project, and "substantially complete construction" means the date on which the Agency has provided Developer a certificate of completion as described in Section 4.3. Agency agrees to reasonably

cooperate with Developer in its efforts to obtain the Financing Commitment, including any amendment to this Agreement reasonably required by any lender providing financing relating to the Project so long as such amendment does not increase Agency's monetary obligations, or materially and adversely increase Agency's non-monetary obligations, or materially diminish Agency's rights under this Agreement. In the event that Developer does not begin construction by ~~September 1, 2018~~ March 1, 2019, then this Agreement shall terminate and neither party shall have any further obligations hereunder.

Except as set forth in this Second Amendment, the terms and conditions of the Agreement shall remain unchanged.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE(S)]

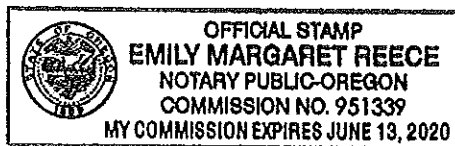
IN WITNESS WHEREOF, the parties hereto have subscribed their names,

SALEM LTC PROPERTIES, LLC

By [Signature], its Managing Member.

STATE OF OREGON)
)ss.
County of)

This instrument was acknowledged before me on April 6th, 2018 by
Phillip G Fogg Jr as Managing Member of Salem LTC Properties, LLC.



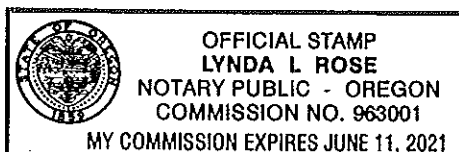
[Signature]
Notary Public - State of Oregon
My commission expires: June 13, 2020

URBAN RENEWAL AGENCY OF THE CITY OF SALEM,
an Oregon quasi-municipal corporation

[Signature]
Steven D. Powers, Executive Director

STATE OF OREGON)
)ss.
County of Marion)

This instrument was acknowledged before me on April 12, 2018, by
Steven D. Powers, as Executive Director of the Urban Renewal Agency of the City of
Salem.



[Signature]
Notary Public - State of Oregon
My commission expires: June 11, 2021

REEL: 4068

PAGE: 180

April 17, 2018, 11:07 am.

CONTROL #: 503630

State of Oregon
County of Marion

I hereby certify that the attached
instrument was received and duly
recorded by me in Marion County
records:

FEE: \$ 56.00

BILL BURGESS
COUNTY CLERK

THIS IS NOT AN INVOICE.

REEL 3027 PAGE 412
MARION COUNTY
BILL BURGESS, COUNTY CLERK
03-27-2017 10:23 am.
Control Number 452078 \$ 56.00
Instrument 2017 00015479

AFTER RECORDING RETURN TO: ✓
Urban Renewal Agency of the City of Salem
350 Commercial St NE
Salem, OR 97301

TAXES:
Salem LTC Properties, LLC
4560 SE International Way Suite 100
Milwaukie, OR 97222

FIRST AMENDMENT

This is the First Amendment to that certain Development Agreement (Agreement), dated March 10, 2015, by and between the URBAN RENEWAL AGENCY OF THE CITY OF SALEM, an Oregon quasi-municipal corporation ("Agency"), and SALEM LTC PROPERTIES, LLC, an Oregon limited liability company ("Developer"), recorded with Marion County on Reel 3744 Page 317.

RECITALS

- A. Whereas, Developer and Agency entered into the Agreement for development of certain real property legally described as: Parcels 1 and 2 of Partition Plat No. 2015-33, City of Salem, Marion County, Oregon;
- B. Whereas, Agency and Developer desire to amend the Agreement to establish a new deadline for the construction of improvements;

NOW THEREFORE, the Parties agree that the following section of the Agreement be amended as shown below:

3.2 Schedule. Developer agrees to use its commercially reasonable efforts to acquire the Land upon terms reasonably satisfactory to Developer, to obtain a commitment (the "Financing Commitment") for financing of construction of the Project from a lender and upon terms reasonably satisfactory to Developer, and to begin construction of the Project, all on or before ~~March 1, 2016~~ March 1, 2018, and, subject to Unavoidable Delays, to substantially complete construction by ~~March 30, 2017~~ March 1, 2019. For the avoidance of doubt, Developer's failure to complete construction by ~~March 30, 2017~~ March 1, 2019 due to Unavoidable Delays shall not be a default by Developer. For purposes of this section, "begin construction" means the date on which Developer has obtained a building permit and begun physical work on the Project Property to construct improvements necessary for the Project, and "substantially complete construction" means the date on which the Agency has provided Developer a certificate of completion as described in Section 4.3. Agency agrees to reasonably

cooperate with Developer in its efforts to obtain the Financing Commitment, including any amendment to this Agreement reasonably required by any lender providing financing relating to the Project so long as such amendment does not increase Agency's monetary obligations, or materially and adversely increase Agency's non-monetary obligations, or materially diminish Agency's rights under this Agreement. In the event that Developer does not begin construction by ~~September 1, 2016~~ March 1, 2018, then this Agreement shall terminate and neither party shall have any further obligations hereunder.

Except as set forth in this First Amendment, the terms and conditions of the Agreement shall remain unchanged.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE(S)]

IN WITNESS WHEREOF, the parties hereto have subscribed their names,

SALEM LTC PROPERTIES, LLC

By Steven C. Fogg its Managing Member

STATE OF OREGON)
)ss.
County of Clatsop)

This instrument was acknowledged before me on February 28, 2017 by
Steven C. Fogg as Managing Member of Salem LTC Properties, LLC.



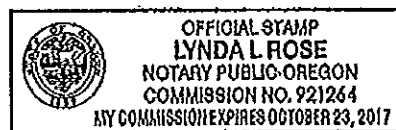
Emily Margaret Reece
Notary Public - State of Oregon
My commission expires: June 13, 2020

URBAN RENEWAL AGENCY OF THE CITY OF SALEM,
an Oregon quasi-municipal corporation

Steven D. Powers
Steven D. Powers, Executive Director

STATE OF OREGON)
)ss.
County of Marion)

This instrument was acknowledged before me on March 13, 2017, by
Steven D. Powers, as Executive Director of the Urban Renewal Agency of the City of
Salem.



Lynda L. Rose
Notary Public - State of Oregon
My commission expires October 23, 2017

REEL: 3927

PAGE: 412

March 27, 2017, 10:23 am.

CONTROL #: 452078

State of Oregon
County of Marion

I hereby certify that the attached
instrument was received and duly
recorded by me in Marion County
records:

FEE: \$ 56.00

BILL BURGESS
COUNTY CLERK

THIS IS NOT AN INVOICE.

REEL 3744 PAGE 317
MARION COUNTY
BILL BURGESS, COUNTY CLERK
09-23-2015 02:08 pm.
Control Number 393058 \$ 136.00
Instrument 2015 00041088

AFTER RECORDING RETURN TO:
Urban Renewal Agency of City of Salem
350 Commercial St NE
Salem, OR 97301

TAXES:
Salem LTC Properties, LLC
4560 SE International Way Suite 100
Milwaukie, OR 97222

**DEVELOPMENT AGREEMENT BETWEEN
THE URBAN RENEWAL AGENCY OF THE CITY OF SALEM
AND SALEM LTC PROPERTIES, LLC**

This agreement ("Development Agreement" or "Agreement"), dated as of March 10th, 2015, is for the development of certain property located in Marion County, Oregon, legally described as set forth below, by and between the URBAN RENEWAL AGENCY OF THE CITY OF SALEM, an Oregon quasi-municipal corporation ("Agency"), and SALEM LTC PROPERTIES, LLC, an Oregon limited liability company ("Developer").

RECITALS

A. Whereas, Agency is an urban renewal agency, activated by the Salem City Council pursuant to ORS 457.035. The Riverfront Downtown Urban Renewal Plan ("RDURA Plan") and Riverfront Downtown Urban Renewal Area ("RDURA") were adopted by the City of Salem and the Agency in 1975 for the purposes of eliminating blight and encouraging redevelopment within the RDURA. The South Waterfront Urban Renewal Plan ("SWURA Plan") and South Waterfront Urban Renewal Area ("SWURA") were adopted by the City of Salem and the Agency in 2007 for the purposes of eliminating blight and encouraging redevelopment within the SWURA;

B. Whereas, the Urban Renewal Plans contain objectives and projects to be undertaken consistent with the Plans;

C. Whereas, the Agency and the City amended the RDURA Plan in March and April 2014, respectively, to add (i) an objective to "encourage the development of buildings that provide medical/professional employment opportunities and services to downtown," and (ii) a project to assist the development of a post-acute rehabilitation center through an urban renewal performance grant to the developer of the center;

D. Whereas, the SWURA Plan contains an objective to provide "loans and/or grants to assist with the planning and pre-development activities as well as property development, rehabilitation or redevelopment and other improvements";

E. Whereas, Developer has requested Agency's assistance through the use of the Urban Renewal Plans' projects and objectives, and Agency desires to assist Developer in the construction of the center;

F. Whereas, Developer has submitted, and Agency has accepted, a Project proforma that demonstrates to the Agency's satisfaction that the Project would not otherwise be constructed without the Grant, and that the Project is feasible based on Developer's equity commitments and future commitments from private lenders.

G. Whereas, Agency has determined that the Grant contemplated in this Agreement is less than 20% of the projected total tax increment to be collected from within the Riverfront Downtown Urban Renewal Area for Fiscal Year 2014-2015 or for Fiscal Year 2015-2016;

H. Whereas, Developer has determined and Agency agrees that 83% of the Project lies within the SWURA and 17% of the Project lies within the RDURA.

NOW THEREFORE, in consideration of the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

ARTICLE I - EFFECTIVE DATE

This Agreement, its terms, conditions, rights and obligations shall become effective upon the date last signed by both parties ("Effective Date").

ARTICLE II - DEFINITIONS

For purposes of this Agreement, the following capitalized terms shall have the following meanings, unless the context clearly requires otherwise:

2.1 "Agency Default" means a written declaration by the Developer that Developer has determined that there has been a failure by the Agency to comply with any of its material obligations or to perform any of its material duties under this Agreement and such failure is not cured by Agency within a period of sixty (60) days after notice thereof from Developer, unless such failure cannot with due diligence be cured within a period of sixty (60) days, in which case such failure shall not be deemed to continue if Agency proceeds promptly and with due diligence to cure the failure and diligently completes the curing thereof.

2.2 "Agency Official" means the Executive Director of the Urban Renewal Agency of the City of Salem, or his or her designee.

2.3 "Agency" means the Urban Renewal Agency of the City of Salem, Oregon.

2.4 "Base Project Value" means the assessed value of the Project Property for the Fiscal Year on the Commencement Date, increased as of July 1 of each subsequent Fiscal Year by a maximum of three percent based on the yearly increase in assessed value for commercial properties in Marion County. The Base Project Value shall be determined by the Agency based on the records of the Marion County Assessor's office.

2.5 "Bushtess Day" means any day of the week other than a Saturday, Sunday, or a day on which Agency is not open for normal business transactions.

2.6 "City" means the City of Salem, an Oregon municipal corporation.

2.7 "Commencement Date" means the date on which Developer provides notice to Agency that Developer has begun construction of the Project.

2.8 "Completion Date" means the date on which the Agency issues a certificate of completion to the Developer, indicating Agency has determined the development of the Project Property is in compliance with the Project description.

2.9 "Current Assessed Value" means the assessed value of the Project Property for a Fiscal Year, determined by the Agency based on the records of the Marion County Assessor's office.

2.10 "Developer Default" means a written declaration by Agency that Agency has determined that there has been a failure by Developer to comply with any of its material obligations or to perform any of its material duties under this Agreement and such failure is not cured by Developer within a period of sixty (60) days after notice thereof from Agency, unless such failure cannot with due diligence be cured within a period of sixty (60) days, in which case such failure shall not be deemed to continue if Developer proceeds promptly and with due diligence to cure the failure and diligently completes the curing thereof.

2.11 "Developer" means Salem LTC Properties, LLC, and its successors and assigns.

2.12 "Development Agreement" or "Agreement" means this agreement.

2.13 "Fiscal Year" means the one-year period commencing July 1, and ending the following June 30.

2.14 "General Tax Increment Revenues" means all ad valorem tax revenues that are received by the Agency as a result of the division of taxes for the Riverfront-Downtown and South Waterfront Urban Renewal Areas pursuant to Section 1c, Article IX of the Oregon Constitution and Oregon Revised Statutes, Chapter 457. "General Tax Increment Revenues" do not include any taxes levied in connection with the Riverfront-Downtown and South Waterfront Urban Renewal Plans pursuant to Article XI, Section 11(16) of the Oregon Constitution.

2.15 "Grant" means the Agency's agreement to provide up to \$749,999 in Riverfront-Downtown Urban Renewal Area and South Waterfront Urban Renewal Area tax increment funds to Developer, as set forth in this Agreement.

2.16 "Increment" has the meaning defined for that term in ORS 457.010(9), and generally refers to the positive difference between the current assessed value of all taxable property in the Riverfront-Downtown and South Waterfront Urban Renewal Areas, less the assessed value of taxable property in the Riverfront-Downtown and South Waterfront Urban Renewal Areas as shown in the "certified statement" as defined in ORS 457.010(2).

2.17 "Land" means the approximately 1.08 acres of land within the Project site lying south of the red line drawn on the Site Plan attached as Exhibit 2. The Land is a portion of a larger parcel of land that currently is being replatted so that the Land will be a separate legal parcel; upon completion of the replat, a legal description of the Land will be attached hereto as Exhibit 2.

2.18 "Project" means a post-acute rehabilitation center, as more fully described in Exhibit 1.

2.19 "Project Increment" means the amount of tax increment received by the Agency attributable to the Project Property for a Fiscal Year as determined by the Assessor.

2.20 "Project Property" means the real property and improvements owned by Developer, including the Land and the Project Improvements to be constructed on the Land as contemplated by this Agreement.

2.21 "Riverfront-Downtown Urban Renewal Area Plan" means the Agency's Urban Renewal Plan for the Riverfront-Downtown Urban Renewal Area, which was approved by Ordinance No. 75-95 by the City of Salem on May 5, 1975, as that plan has been and may be amended from time to time.

2.22 "South Waterfront Urban Renewal Area Plan" means the Agency's Urban Renewal Plan for the South Waterfront Urban Renewal Area, which was approved by Ordinance No. 106-07 by the City of Salem on September 4, 2007, as that plan has been and may be amended from time to time.

2.23 "Termination Date" means the date on which this Agreement expires, which shall be the earlier to occur of (a) the date upon which the Grant is fully paid as provided in this Agreement, and (b) the 10th anniversary of the first Grant payment, provided, however, that if less than \$749,999 of Grant payments shall have been made by Agency to Developer as of such 10th anniversary, Developer may elect by notice to Agency to extend the Termination Date but in no event to a date later than 20 years after the date of the first Grant payment.

2.24 "Total Project Costs" means the allowable costs of the Project as identified in Exhibit 1.

2.25 "Unavoidable Delays" means delays due to strikes, lockouts, inability to procure materials, power failures, acts of God, enemy action, civil commotion, unavoidable casualty and other causes beyond the control of the party responsible for performing an obligation hereunder, provided that lack of funds shall not be deemed a cause beyond the control of either party hereto.

ARTICLE III - PROJECT DEVELOPMENT

3.1 **Post-Acute Rehabilitation Center.** Developer agrees, subject to the terms and conditions set forth in this Agreement, to construct a post-acute rehabilitation center consistent with the project description attached as Exhibit 1 (the "Project"). Based on the project description, Agency finds that the Project is a well-designed, high quality development that will enhance the nearby vicinity, and is likely to stimulate significant new development in the vicinity of the Project.

3.2 **Schedule.** Developer agrees to use its commercially reasonable efforts to acquire the Land upon terms reasonably satisfactory to Developer, to obtain a commitment (the "Financing Commitment") for financing of construction of the Project from a lender and upon terms reasonably satisfactory to Developer, and to begin construction of the Project, all on or before March 1, 2016, and, subject to Unavoidable Delays, to substantially complete construction by March 30, 2017. For the avoidance of doubt, Developer's failure to complete construction by March 30, 2017 due to Unavoidable Delays shall not be a default by Developer. For purposes of this section, "begin construction" means the date on which Developer has obtained a building permit and begun physical work on the Project Property to construct improvements necessary for the Project, and "substantially complete construction" means the date on which the Agency has provided Developer a certificate of completion as described in Section 4.3. Agency

agrees to reasonably cooperate with Developer in its efforts to obtain the Financing Commitment, including any amendment to this Agreement reasonably required by any lender providing financing relating to the Project so long as such amendment does not increase Agency's monetary obligations, or materially and adversely increase Agency's non-monetary obligations, or materially diminish Agency's rights under this Agreement. In the event that Developer does not begin construction by September 1, 2016, then this Agreement shall terminate and neither party shall have any further obligations hereunder.

ARTICLE IV - PERFORMANCE GRANT

4.1 **Grant.** In consideration of Developer's agreement to construct the Project, Agency agrees to reimburse Developer for up to 20% of the Total Project Costs in an amount not to exceed \$749,999, subject to the terms and conditions of this Agreement, including the Project Grant Guidelines of both the RDURA and the SWURA, which are attached hereto, and by this reference incorporated herein (Exhibit 3). The Grant will be paid out of SWURA and RDURA funds on a pro rata basis depending on final as-built location of the Project, estimated to be split 83% and 17% respectively.

4.2 **No General Obligation.** Neither this Agreement nor the Grant shall be a general obligation of the Agency, the City or Marion County, Oregon.

4.3 **Start of Construction and Substantial Completion.** The Developer shall notify the Agency when construction of the Project commences ("Commencement Date") and when construction of the Project is substantially complete. Upon substantial completion of construction of the Project, Agency shall determine if the development conforms to the Project description, and if so, shall provide Developer a certificate of completion ("Completion Date"). If Agency determines that the Project does not conform to the Project description, Agency shall, as soon as practicable, provide written notice to Developer, which notice shall describe in particularity in what manner the development does not comply with the Project description, and what actions, in Agency's judgment, Developer may take to correct any deficiencies.

4.4 **Conditions.** Notwithstanding any other provision of this Agreement, Agency's obligation to make Grant payments under this Agreement is subject to the following:

4.4.1 Developer shall obtain a written determination from the Oregon Bureau of Labor and Industries ("BOLI") of whether the Project is a public work for which the payment of prevailing wage rates is required by Oregon Law. If BOLI determines that the Project is a public work for which payment of prevailing wage rates is required, Developer may reject any Grant award and terminate this Agreement, or Developer may agree in writing to accept any Grant award, and shall comply with ORS chapter 279C, including payment of prevailing wage rates as required by BOLI.

4.4.2 The Agency must have sufficient funds available to make any Grant payment then due after all other obligations then due and owing are satisfied. Agency agrees to use its best efforts to make any and all of the Project Increment for periods from the Commencement Date to the Termination Date available for the Grant payments;

- 4.4.3 Total Grant payments shall not exceed \$749,999 or 20% of Total Project Costs, whichever is less;
- 4.4.4 Agency's issuance of a certificate of completion, as set forth in Section 4.3, which issuance shall not be unreasonably withhold, conditioned or delayed by the Agency.
- 4.4.5 Developer's continued operation of the Project throughout the term of this Agreement.

4.5 Annual Payments. Upon satisfaction of the conditions set forth in Section 4.4, Agency shall make annual payments to Developer once each fiscal year on or before June 30th of each Fiscal Year. The Agency shall calculate and disburse Grant payments for each Fiscal Year as follows:

4.5.1 Each Fiscal Year, commencing with the first Fiscal Year after the Agency has issued the certificate of completion, the Agency shall obtain from the Assessor the amount of tax increment received by the Agency attributable to the Project Property for that Fiscal Year ("Project Increment").

4.5.2 Subject to Section 4.4, the Grant payment for that Fiscal Year shall be the amount of the Project Increment for that Fiscal Year (i.e., the excess of the amount of the ad valorem tax revenues attributable to the then Current Assessed Value over the amount of ad valorem tax revenues attributable to the Base Project Value). If the difference is zero, or a negative value, no Grant payment shall be made for that Fiscal Year.

4.5.3 Agency, upon determining that a Grant payment is due, shall make payment to Developer on or before June 30th of the Fiscal Year for which such payment is due.

4.6 Termination of Payment Obligation. Following the Termination Date, the Agency shall have no obligation to pay any Grant amount (other than any that became due before the Termination Date but remains unpaid). If total Grant payments made by the Agency in accordance with the foregoing are not sufficient to pay the Grant in full by the Termination Date, neither the Developer, nor any other person shall have any claim for the deficiency against the Agency, the City of Salem or any other entity.

4.7 Tax Increment Generated After Termination. After the Termination Date the Agency may apply tax increment generated by the Project for any lawful purpose.

4.8 Agency Indebtedness. This Agreement sets forth the terms and conditions upon which the Agency shall pay Agency funds to Developer upon completion and continued operation of the Project by Developer in accordance with the provisions of this Agreement. Neither this Agreement, nor any term herein, shall create any lien upon the Agency's General Tax Increment Revenues, and nothing herein shall prevent the Agency from issuing indebtedness in the form of bonds, loans, or any other instrument for the Area.

ARTICLE V - DEFAULT

5.1 **Agency Default - Remedies.** In the event of an Agency Default, Developer may exercise any remedy available at law or in equity; however, the Grant shall not, under any circumstances, be subject to acceleration. No remedy shall be exclusive. The Developer may waive any Agency Default, but no such waiver shall extend to a subsequent Agency Default. No delay or omission of the Developer to exercise any right or power arising upon the happening of an Agency Default shall impair any right or power or shall be construed to be a waiver of any such Agency Default or to be an acquiescence therein; and every power and remedy given by this section to the Developer may be exercised from time to time and as often as may be deemed expedient by the Developer.

5.2 **Developer Default - Remedies.** In the event of a Developer Default, Agency may exercise any remedy available at law or in equity, including suspension or reduction of any Grant payment or termination of this Agreement. No remedy shall be exclusive. The Agency may waive any Developer Default, but no such waiver shall extend to a subsequent Developer Default. No delay or omission of the Agency to exercise any right or power arising upon the happening of a Developer Default shall impair any right or power or shall be construed to be a waiver of any such Developer Default or to be an acquiescence therein; and every power and remedy given by this section to the Agency may be exercised from time to time and as often as may be deemed expedient by the Agency.

ARTICLE VI - GENERAL PROVISIONS

6.1. **Reserved Rights.** Nothing in this Agreement shall limit or restrict the right of Developer to subdivide, partition or otherwise divide or adjust the property lines on the Project Property, or to develop on the Project Property or any portion thereof with one or more additional buildings on the Project Property, provided that the Project is completed and maintained through the Termination Date, and all development on the Project Property is developed consistent with all applicable laws, rules, regulations, codes, including the Plan.

6.2. **Binding Effect.** This Agreement is binding upon and shall inure to the benefit of the parties and their respective successors, heirs, legal representatives and assigns.

6.3 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same document.

6.4. **Recording.** This Agreement shall be recorded in the land records of Marion County, Oregon.

6.5. **Notices.** All notices or other communications required or permitted under this Agreement must be in writing and must be (1) personally delivered, and shall be deemed received on receipt at the office of the addressee, or; (2) sent by registered or certified mail, postage prepaid, return receipt requested, which notices and communications will be deemed received three days after deposit in the United States mail,

postage prepaid, or; (3) sent by overnight courier delivery, which will be deemed received one business day after deposit with the courier, or; (4) sent by FAX, which notices and communications will be deemed received on the delivering party's receipt of a transmission confirmation.

To Developer: Salem LTC Properties, LLC,
an Oregon Limited Liability Company
4560 SE International Way Suite 100
Milwaukie, Oregon 97222

To Agency: Urban Renewal Agency of the City of Salem
Attn: Real Property Services Division Manager
350 Commercial St NE
Salem, OR 97301

With a copy to: City of Salem
City Attorney's Office
555 Liberty Street NE, Room 205
Salem, OR 97301

6.6. **Authority.** The Parties and those signing on their behalf represent and warrant that they have the requisite legal power, right, and authority to enter into this Agreement, any instruments referred to herein, and to consummate the transactions contemplated here.

6.7. Legal Relationships

6.7.1 **Relationship of Parties.** No joint venture, partnership, or other joint undertaking is intended by this Agreement. Neither party hereto will have any rights to make any representations or incur any obligations on behalf of the other. Neither party has authorized any agent to make any representations, admit any liability, or undertake any obligation on its behalf. Neither party is executing this Agreement on behalf of an undisclosed principal.

6.7.2 **No Third-Party Beneficiaries.** Except as otherwise specifically provided herein with respect to lenders, no third party is intended to be benefited or afforded any legal rights under or by virtue of this Agreement.

6.7.3 **Joint and Several Liability.** If either party comprises more than one person or entity, the obligations of each person or entity comprising such party under this Agreement will be joint and several.

6.7.4 **Indemnified Parties.** Any indemnification contained in this Agreement for the benefit of a party will extend to the party's members, directors, shareholders, officers, employees, and agents.

6.8 Assignments, Successors and Alienation.

6.8.1 Assignments and Successors. Developer may not assign or otherwise transfer this Agreement or any interest herein, voluntarily, involuntarily, or by operation of law, without the prior written consent of Agency in each instance, which consent will not be unreasonably withheld, conditioned or delayed; provided, however, that Developer may grant to any lender or lenders from time to time mortgages, deeds of trust and/or security interests in the Project Property and collaterally assign Developer's interest under this Agreement to any lender(s) providing financing for the Project, and any such lender(s) may transfer or cause the Project Property and such interest in this Agreement to be transferred to any purchaser(s) or other transferee(s) of the Project Property upon any foreclosure, deed in lieu of foreclosure or other exercise of any such lender's remedies relating to such mortgages, deeds of trust, security interests and/or collateral assignments. Developer will not be released from its obligations under this Agreement in the event of any assignment or transfer unless expressly agreed to by Agency. Subject to the foregoing, this Agreement will bind and inure to the benefit of the parties hereto and their respective successors and assigns.

6.8.2 Alienation. Except as otherwise expressly provided in this Agreement, Developer may not dispose, including sale, gift, or other transfer, of the Project Property without Agency's consent, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing or anything to the contrary in this Agreement, Developer may, without Agency's consent, (a) grant to any lender(s) from time to time mortgages, deeds of trust and/or security interests in the Project Property, and (b) lease and enter into resident agreements and other occupancy agreements and other transactions in the ordinary course of Developer's business with respect to the Project Property. Within ten (10) calendar days of encumbering the property by mortgage, security interest, easement, or otherwise, Developer shall provide written notice to Agency of such encumbrance. Developer's failure to timely notify Agency of such encumbrance shall act as a waiver of any requirement in this Agreement that Agency provide notice to any such third party.

6.8.3 Developer Assignment and Transfer. Notwithstanding any other provision of this Agreement, Developer may, upon providing written notice to Agency, assign or transfer this Agreement and any interest herein, and convey, transfer or otherwise dispose of the Project Property and interest therein, to any Related Entity. As used in this section, "Related Entity" means any entity organized or incorporated under the laws of the State of Oregon, or other domestic entity registered with the Oregon Secretary of State's Office to conduct business in Oregon, which controls, is controlled by, or is under common control with, Developer.

6.9. **Time of Essence.** Except as otherwise specifically provided in this Agreement, time is of the essence for each and every provision of this Agreement.

6.10. **Invalidity of Provisions.** If any provision of this Agreement, or any instrument to be delivered by either party under this Agreement, is declared invalid or is unenforceable for any reason, the provision will be deleted from the document and will not invalidate any other provision contained in the document.

6.11. **Neutral Construction.** This Agreement has been negotiated with each party having the opportunity to consult with legal counsel and will be construed without regard to which party drafted all or part of this Agreement.

6.12. **Captions.** The captions of the sections and paragraphs in this Agreement are used solely for convenience and are not intended to limit or otherwise modify the provisions of this Agreement.

6.13. **Waiver.** The failure of either party at any time to require performance of any provision of this Agreement will not limit the party's right to enforce the provision. Waiver of any breach of any provision will not be a waiver of any succeeding breach of the provision or a waiver of the provision itself or any other provision.

6.14. **Subsequent Modifications.** This Agreement and any of its terms may be changed, waived, discharged, or terminated only by a written instrument signed by the party against whom enforcement of the change, waiver, discharge, or termination is sought.

6.15. **Counting of Days.** If the time for performance of any of the terms, conditions, and provisions hereof falls on a Saturday, Sunday, or legal holiday, then the time of the performance will be extended to the next business day thereafter.

6.16. **Venue.** In any action brought to interpret or enforce any of the provisions of this Agreement, the venue will be in Marion County, Oregon.

6.17. **Applicable Law.** This Agreement will be construed, applied, and enforced in accordance with the laws of the state of Oregon. All sums referred to in this Agreement will be calculated by and payable in the lawful currency of the United States.

6.18. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties with respect to the Property and supersedes and replaces all written and oral agreements previously made or existing between the parties.

6.19. **Counterparts.** This Agreement may be executed simultaneously or in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same contract.

6.20. **Facsimile Copies.** Either party may rely on facsimile copies of this Agreement to the same extent as the originals.

6.21. Fees, Costs and Expenses. The Developer shall pay all of its costs associated with this Agreement and the Grant. The Agency shall pay all of its costs associated with this Agreement and the Grant.

6.22. Representations, Warranties and Agreements of the Agency. By executing this Agreement in the space provided below, the Agency represents and warrants to, and agrees with the Developer that, as of the Effective Date:

The Agency is duly created and existing under the laws of the State of Oregon, has all necessary power and Agency to enter into, and perform its duties under, this Agreement, and that this Agreement will, when executed by an Agency Official, constitute legal, valid and binding obligations of the Agency which are enforceable in accordance with their terms.

The execution of this Agreement will not conflict in any material respect with, or constitute a material breach of or default under, any law, court decree, administrative regulation, resolution, ordinance or other agreement to which the Agency is a party or by which it is bound.

There is no action, suit, proceeding or investigation at law or in equity before or by any court or government, city or body pending or, to the best of the knowledge of the Agency, threatened against the Agency or the City to restrain or enjoin the execution or delivery of this Agreement, or the collection and application of the Agency funds as contemplated by this Agreement, which, in the reasonable judgment of the Agency, would have a material and adverse effect on the ability of the Agency to pay the amounts due under the Agreement.

6.23. Financial Statements. Within 210 days after the end of each of its Fiscal Years, the Agency shall provide the Developer with a copy of the Agency's final, annual audited financial statements relating to the Area. The Agency shall provide the Developer with a written accounting of the calculation and determination of each Grant payment when such payment is due as provided in this Agreement.

6.24. Additional Documents. The Agency shall provide the Developer with a certified copy of the duly authorized Resolution of the Agency authorizing this Agreement, and a signed original of this Agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE(S)]

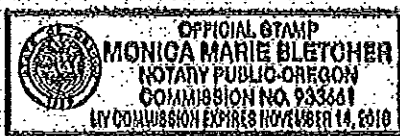
IN WITNESS WHEREOF, the parties hereto have subscribed their names,

SALIM LTC PROPERTIES, LLC

[Signature]
By Phillip G. Fogg Jr., its Managing Member.

STATE OF OREGON)
County of Clackamas) ss.

This instrument was acknowledged before me on March 10th, 2015 by
Phillip G. Fogg as Managing Member of Salem LTC Properties, LLC.



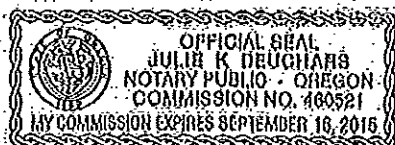
[Signature]
Notary Public - State of Oregon
My commission expires: November 14th, 2018

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON,
an Oregon quasi-municipal corporation

[Signature]
Linda Norrls, Executive Director
Racey Duran, Director

STATE OF OREGON)
County of Marion) ss.

This instrument was acknowledged before me on April 2nd, 2015, by
Linda Norrls, as Executive Director of the Urban Renewal Agency of the City of Salem.
Racey Duran,



[Signature]
Notary Public - State of Oregon
My commission expires: 9-16-15

- Exhibit 1: Project Description
- Exhibit 2: Project Property Site Plan/Legal Description
- Exhibit 3: Riverfront Downtown Urban Renewal Area and South Waterfront Urban
Renewal Area, Project Grant Guidelines
- Exhibit 4: Legal Description

EXHIBIT 1

Project Description:

Marquis Salem will turn a vacant and difficult to develop property next to the railroad tracks into a three story, 38,000 square foot, state-of-the-art Post-Acute Rehabilitation Center. When complete, Marquis Salem will accommodate 40 private and 12 semi-private Post-Acute Rehab beds in an atmosphere more closely resembling a hotel spa than a traditional skilled nursing facility.

Marquis Salem will be a signature facility for Marquis and will be well-designed and of high quality. Marquis is working with CB Two Architects LLC on the project; CB Two Architect LLC is a local firm with a reputation for high quality design. Their resume includes high visibility projects in Salem such as the Waterplace Building and the Kroq Center. Marquis has worked with CB Two Architects LLC in the past including the recently completed Marquis Tualatin in Tualatin, Oregon. Pictures of Marquis Tualatin, and a conceptual rendering of the Project, are shown on Exhibit 3. These exhibits demonstrate that the proposed Project will be a well-designed, high quality development, designed to enhance the nearby vicinity, and will stimulate the redevelopment of the remainder of the Boise property.

Marquis Salem, when complete, will provide over 65 full-time and part-time jobs for downtown Salem. A recent market study shows that directly and indirectly, over 250 full-time jobs will be created in the downtown Salem area due to the completion and operation of Marquis Salem.

Marquis is excited to become a key contributor to the downtown Salem community.

Project Grant Guidelines

- The developer seeking the use of a Project Grant provides the Agency with a project proforma that demonstrates, to the Board's satisfaction, that the proposed project would not otherwise be constructed without the Project Grant.
- The developer seeking the use of a Project Grant shall demonstrate the financial feasibility of the proposed project by providing, to the Board's satisfaction, evidence of equity commitments and commitment letters from private lenders.
- The developer seeking the use of a Project Grant must demonstrate, to the Board's satisfaction, that the developer will have not less than 10% equity in the proposed project.
- The proposed project must be well-designed, high quality development, designed to enhance the nearby vicinity, and likely to stimulate significant new development in the vicinity of the project.
- The developer seeking the use of a project grant shall obtain a determination from the Oregon Bureau of Labor and Industries whether the proposed project would be subject to prevailing wage.
- A Project Grant shall be used only to finance construction costs of the proposed project.
- Only increases in tax increment revenue generated from a specific development will be pledged to pay the Project Grant.
- If the specific development fails to generate sufficient increased tax increment revenue to make scheduled grant payments, the Agency shall not use any other tax increment revenue to make the scheduled payments.
- No Project Grant shall have a term of more than 20 years.
- A Project Grant will not pay for more than 20% of the total project costs.
- No Project Grant will be committed in the Riverfront-Downtown Urban Renewal area in any fiscal year if the total amount of the Project Grant is equal to or greater than 20% of the projected total tax increment to be collected from within the urban renewal area for that fiscal year.

SWURA Project Grant Program Guidelines

- Property requesting Grant funds must be located in the South Waterfront Urban Renewal Area.
- Grant funds can only be applied to approved capital improvements that cannot be removed from the South Waterfront Urban Renewal Area for the duration of its useful life.
- The developer must have an executed development agreement with the City.
- The developer seeking the use of a Project Grant provides a project proforma that demonstrates that the proposed project would not otherwise be constructed without the Project Grant.
- The developer seeking the use of a Project Grant shall demonstrate the financial feasibility of the proposed project by providing, to the City's satisfaction, evidence of equity commitments and commitment letters from private lenders.
- The developer seeking the use of a Project Grant must demonstrate, to the City's satisfaction, that the developer will have not less than 10% equity in the proposed project.
- The proposed project must be well-designed, high quality development, designed to enhance the nearby vicinity, and likely to stimulate significant new development in the vicinity of the project.
- The developer seeking the use of a project grant shall obtain a determination from the Oregon Bureau of Labor and Industries whether the proposed project would be subject to prevailing wage.
- A Project Grant shall be used only to finance construction costs of the proposed project.
- Only increases in tax increment revenue generated from a specific development will be pledged to pay the Project Grant.
- If the specific development fails to generate sufficient increased tax increment revenue to make scheduled grant payments, the Agency shall not use any other tax increment revenue to make the scheduled payments.
- No Project Grant shall have a term of more than 20 years.
- A Project Grant will not pay for more than 20% of the total project costs.

Exhibit 4

LEGAL DESCRIPTION

Parcels 1 and 2 of Partition Plat No. 2015-33, City of Salem, Marion County, Oregon.

REEL: 3744

PAGE: 317

September 23, 2015, 02:08 pm.

CONTROL #: 393958

State of Oregon
County of Marion

I hereby certify that the attached
instrument was received and duly
recorded by me in Marion County
records:

FEE: \$ 136.00

BILL BURGESS
COUNTY CLERK

THIS IS NOT AN INVOICE.