

RESOLUTION NO. 2330

A RESOLUTION OF THE CITY OF WILSONVILLE APPROVING CONTRACT ADDENDUM NO. 3 TO THE DEVELOPMENT AGREEMENT BETWEEN THE CITY OF WILSONVILLE, THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE, VILLEBOIS LLC, POLYGON AT VILLEBOIS L.L.C., AND VILLEBOIS VILLAGE CENTER LLC AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT ADDENDUM NO. 3 ON BEHALF OF THE CITY OF WILSONVILLE FOR THE ADDITION OF VILLEBOIS VILLAGE CENTER LLC AS A PARTY TO THE DEVELOPMENT AGREEMENT AND AUTHORIZING CERTAIN CHANGES RELATED TO CONSTRUCTION, FUNDING, MAINTENANCE AND TIMING REQUIREMENTS FOR REGIONAL PARK 3, LOCATED WITHIN THE VILLEBOIS VILLAGE DEVELOPMENT

WHEREAS, in 2004, the City of Wilsonville ("City") and the Urban Renewal Agency of the City of Wilsonville ("URA") entered into a Development Agreement ("Agreement") with Villebois LLC ("Developer") and the State of Oregon for the residential development of certain real property in the community known as Villebois Village ("Villebois Property"), pursuant to the Villebois Master Plan; and

WHEREAS, the Development Agreement has been amended by Contract Addendum No. 1 and by Contract Addendum No. 2; and

WHEREAS, the State of Oregon is no longer a party to that Agreement but Polygon at Villebois LLC ("Polygon") has been added as a party pursuant to Contract Addendum No. 2 and by Contract Addendum No. 3, Villebois at Village Center, LLC ("Village") will be added as a party to the Development Agreement; and

WHEREAS, Developer desires to sell a portion of the Villebois Property and to assign a portion of its development obligations related thereto to Polygon; and

WHEREAS, Developer has assigned a portion of the Villebois Property known as Specific Area Plan Central ("SAP Central") and its development obligations related thereto, to Village; and

WHEREAS, Polygon intends to purchase a portion of the Villebois Property known as Specific Plan South ("SAP") Preliminary Development Plan 5 ("PDP-5S") and SAP-North, Areas 1 and 2, Preliminary Development Plan 1 ("PDP-1N") and has received unanimous preliminary approval from the City's Development Review Board ("DRB"), at its regularly scheduled meeting on August 22, 2011, for the future residential development within these areas.

WHEREAS, DRB conditions of approval for the development of PDP-5S and PDP-1N include, among others, the requirement that Developer, Polygon, and the City enter into contract addendums to the Development Agreement, the first of which was Contract Addendum No. 2 which established the roles and responsibilities for the completion of certain road improvements to Grahams Ferry Road, which Addendum No. 2 was approved by City Council on September 7, 2011, pursuant to Resolution No. 2319; and

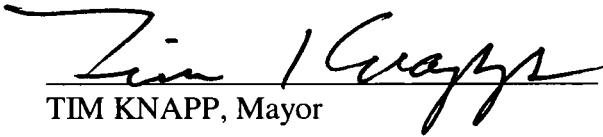
WHEREAS, the parties to the Development Agreement and Village now desire to enter into Contract Addendum No. 3 which establishes the roles and responsibilities among the City, Developer, the URA, Village and Polygon for the completion of certain park improvements, for the area known as Regional Park 3, as shown on **Exhibit A**, attached hereto and incorporated by reference herein.

NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

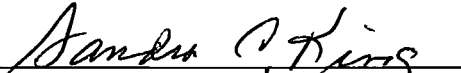
1. City Council hereby authorizes the City Manager to enter into Contract Addendum No. 3 to the Development Agreement, to benefit past and future development at Villebois Village, addressing construction roles, financing responsibilities, timing for improvements to be made to Regional Park 3 and the addition of Village as a party to the Development Agreement, in substantially the form attached hereto as **Exhibit B**, as approved by the City Attorney.

2. This Resolution is effective upon adoption.

ADOPTED by the City Council of the City of Wilsonville at a regular meeting thereof this 17 day of October, 2011, and filed with the Wilsonville City Recorder this date.


TIM KNAPP, Mayor

ATTEST:

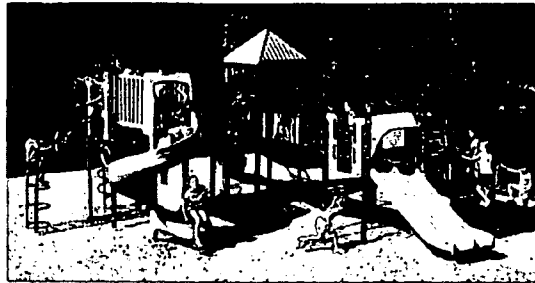

Sandra C. King, MMC, City Recorder

SUMMARY OF VOTES:

Mayor Knapp	Yes
Council President Núñez	Excused
Councilor Hurst	Yes
Councilor Goddard	Yes
Councilor Starr	Yes

Attachments: Exhibit A: Regional Park 3 Illustration

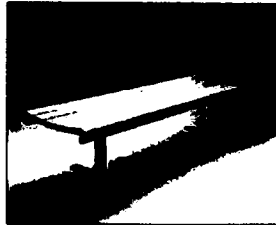
Exhibit B: Development Agreement Contract Addendum No. 3



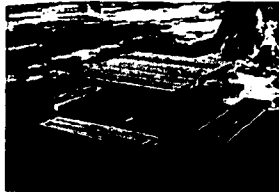
PLAY EQUIPMENT (TYPICAL)
EQUIPMENT TO BE NON-PRIMARY COLORS

**LANDSCAPE
STRUCTURES INC**

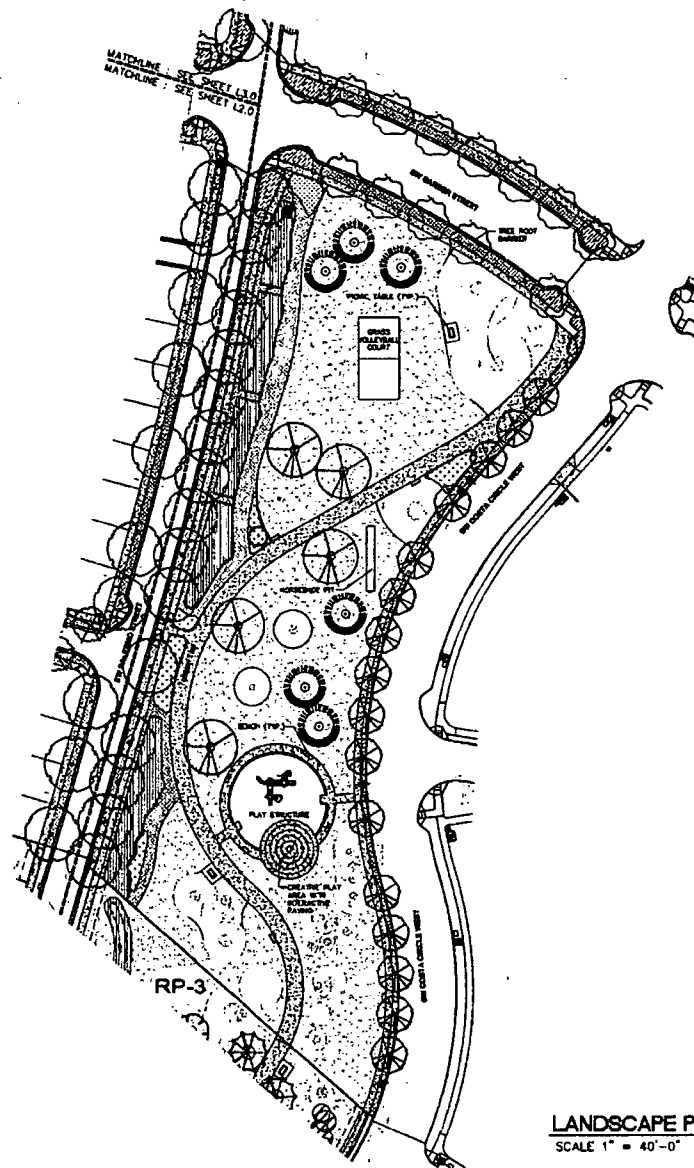
801 7th Street South - P.O. Box 198
Elyria, Ohio 44024
Ph: 1-800-328-9633 Fax: 1-760-972-0281



PARK BENCH



PICNIC TABLE



LANDSCAPE PLAN
SCALE 1" = 40'-0"



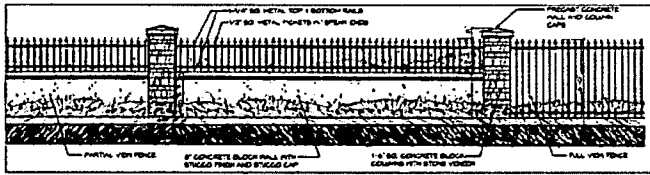
POLYGON NW COMPANY
PACIFIC COMMUNITY DESIGN, INC.
OTTOF LAMENGA ARCHITECTS, INC.

**TONQUIN
WOODS
No. 2 & No. 3**

Villebois
Phase 1 North
Final
Development Plan

DATE: 3/1/2011

L4.0



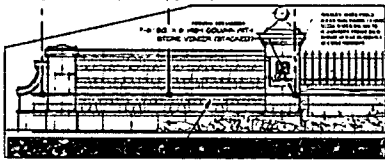
ELEVATION OF PARTIAL VIEW FENCE



NEIGHBORHOOD PARKS BENCH



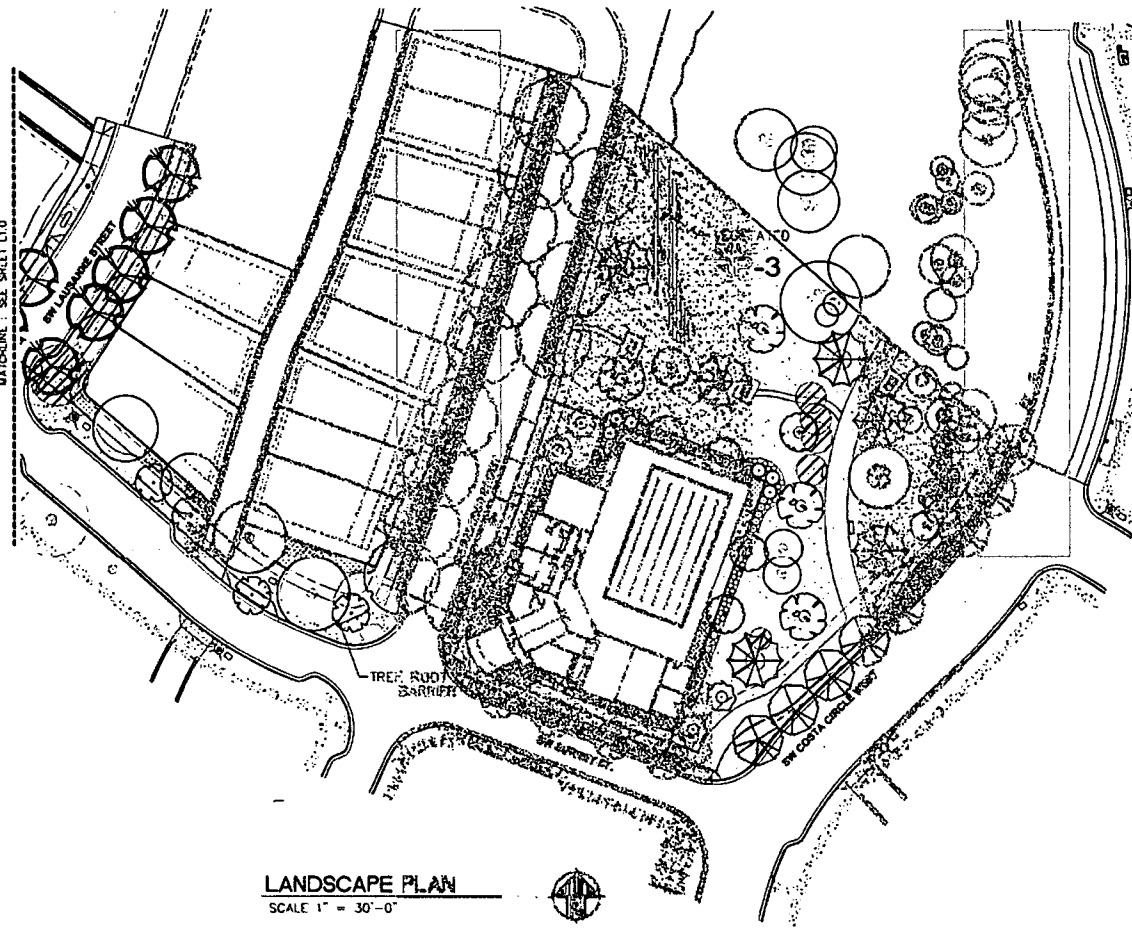
PICNIC TABLE



SECONDARY SITE IDENTIFIER

PLANT SYMBOLS AND SUGGESTED PLANT LIST: RP-G PARK

SYMBOL	TYPE	EXAMPLES	SIZE	SPACING
	Street Tree	White Oak Flowering Dogwood Tulip Tree	2' cal.	As shown
	Small Columnar or Ornamental Tree	Flowering Cherry Star Magnolia Nuttall's Tree	1 3/4' cal.	As shown
	Center Tree/Shrub	Hopewell Blue Lobed Cypress Crown's Beauty Small Cypress Cypress Cob	7'-8' HL	As shown
	Deciduous Tree/Shrub	Camel seed shrub	3-5 gal.	8'-8' o.c.
	Ornamental Shrub	Shepherdia Holly Spiraea Small Princess Evergreen Holly Herring Dogwood Spiraea Shepherdia Lambert	3-5 gal.	2'-4' o.c.
	Groundcover	Creeping Green Bromeliad Emerald Sage	1 gal.	18"-2' o.c.
	Lean	Seed		See Specifications



LANDSCAPE PLAN
SCALE 1" = 30'-0"



POLYGON NW COMPANY
PAUL W. LYONS/ARTIST DESIGN, INC.
OTTEN LANDSCAPE ARCHITECTS, INC.

TONQUIN WOODS

Villebois Phase 5 South Final Development Plan

DATE: 3/22/2011
REV: 3/24/2011

L20

**DEVELOPMENT AGREEMENT
CONTRACT ADDENDUM NO. 3**

This Contract Addendum No. 3 ("Addendum No. 3") is made to the Development Agreement by and between the City of Wilsonville ("City"), the Urban Renewal Agency of the City of Wilsonville ("URA"), Villebois LLC ("Villebois"; defined as "Developer" in the Development Agreement and Addendums 1 and 2, but referred to as "Villebois" herein), Polygon at Villebois L.L.C. ("Polygon") as possible partial successor in interest to Villebois, Polygon Northwest Company, L.L.C., a Washington limited liability company, as guarantor of the obligations of Polygon ("Guarantor"), and Villebois Village Center, LLC ("Village") as a partial successor in interest to Villebois. The effective date of this Addendum No. 3 is October __, 2011 ("Effective Date").

RECITALS

- A. The City, Villebois and others entered into a Development Agreement, dated May 24, 2004 ("Development Agreement"). The State of Oregon was originally a party to the Development Agreement but is no longer a party.
- B. The City, the URA, Arbor Villebois, LLC ("West Hills"), and Villebois entered into a Contract Addendum No. 1 in June, 2006 under Resolution No. 2005 ("Addendum No. 1") to the Development Agreement which, among other things, sets forth responsibility for construction of parks. Villebois subsequently sold and assigned its interest in Specific Area Plan Central ("SAP Central") to Village pursuant to an Option Agreement, dated October 12, 2004, which assignment included Villebois' obligation with respect to construction of certain parks including Regional Park 3 (RP-3).
- C. Village is currently not in a position to fund its portion of the construction of RP-3, as the assignee of Villebois under Addendum No. 1.
- D. The parties to this Addendum No. 3 (excluding Village), entered into Addendum No. 2, dated September 8, 2011, which addressed responsibilities related to improvements to Grahams Ferry Road.
- E. Polygon has the right to purchase certain real property ("Villebois Property") covered by the Development Agreement and the Villebois Village Master Plan from Villebois in phases. The Villebois Property is located within an area known as Villebois Village, City of Wilsonville, Oregon. The first closing of Polygon's acquisition of the Villebois Property includes the property described in Recital I below as "Phase 1" and the second closing of Polygon's acquisition of the Villebois Property includes the property described in Recital I below as "Phase 2." In conjunction with and in partial consideration of that purchase, should it occur, Polygon has agreed to assume responsibility to make certain park improvements to the area identified in the Master Plan as RP-3.

- F. Polygon wishes to develop additional homes on the Villebois Property. The Villebois Property includes the areas referred to in the Villebois Village Master Plan as SAP-South, PDP-5 ("PDP-5S") and SAP-North 1, PDP-1, Areas 1 and 2 ("PDP-1N"), and is anticipated to contain a total of one hundred sixty-nine (169) lots. The above-described RP-3 will benefit future residences to be located within the Villebois Property, as well as those residences located in SAP Central, and will also be a park that is eventually dedicated to the City and open to the public. As used herein, SAP means Specific Area Plan and PDP means Preliminary Development Plan, all as more particularly described in the Villebois Village Master Plan.
- G. Village and Polygon (if Polygon acquires the Villebois Property), as successors in interest to Villebois, will be responsible for building RP-3, which is divided into areas known as RP-3A and RP-3B, as depicted on **Exhibit A**, attached hereto and incorporated by reference herein. Even though Exhibit A shows the Community Center and swim center, RP-3 specifically excludes all of the land designated for the private Community Center and swimming pool, as described in Addendum No. 1 to the Development Agreement, and West Hill's improvements on that land. Although Village is not currently in a position to contribute to the cost of building RP-3, Village is willing to allow Polygon to build all of RP-3 and to agree that the City will reduce Urban Renewal funds allocated to improvements yet to be built in SAP Central by the amount of Village's share of the RP-3 cost so that the City can contribute Village's share to the cost of construction of RP-3 on behalf of Village.
- H. Polygon and Villebois have submitted the following land use applications: For the area known as PDP-5S: A Preliminary Development Plan; Tentative Plat; Development Plan; and Temporary Use Permit (for a sales office for homes). For PDP-1N: Modification of a Preliminary Development Plan; Tentative Plat; and Final Development Plan of Park Phases. A two (2) parcel partition of Lot 3 Villebois in order to allow for construction of a Community Center by West Hills Development and subsequent ownership thereof by the Arbor Villebois Owners Association, pursuant to a Settlement Agreement to which the City, Villebois, and Polygon are all parties, dated August 3, 2011. (Collectively, the foregoing applications and accompanying staff reports are referred to as the "Application.")
- I. The Application was approved by the City for a multiple phased project, subject to certain conditions of approval ("Conditions of Approval"), including, but not limited to, Villebois and Polygon entering into this Addendum No. 3. One of the Conditions of Approval imposed upon Villebois and Polygon was the obligation to construct RP-3 to a capacity that is greater than that needed for their development, in order to provide extra capacity for use by the general public as well as other residents of Villebois. Therefore, the City will make its own contribution toward the cost of RP-3 in that RP-3 will eventually be dedicated to the City, as set forth in the Master Plan and Development Agreement, so that it may be used by the general public. If Polygon purchases the Villebois Property, RP-3 will be constructed by Polygon. Because Polygon will initially pay for the extra capacity work, it will be entitled to reimbursement from the City as set forth in Section 1 of this Contract Addendum No. 3.

- J. The parties desire to set forth in this Contract Addendum No. 3 the obligations of Villebois, Polygon, Village and the City with respect to the construction and maintenance of RP-3.
- K. This Addendum No. 3 is not a land use decision and it is not the result of the application of the Comprehensive Plan or implementing ordinances. Rather, it is an agreement capturing the RP-3 conditions of the predicate land use decisions, development plan approvals and site design review for the Villebois Property, and the respective funding, construction and maintenance obligations for RP-3.
- L. The City, Polygon, Village and Villebois have agreed to enter into this Contract Addendum No. 3, reflecting all of the above as a Condition of Approval for development of PDP-5S and PDP-1N. PDP-5S is approved for approximately twenty-seven (27) lots, PDP-1N, Phase 1, is approved for approximately eighty-two (82) lots, adjacent to SAP Central, and PDP-1N, Phase 2, is approved for approximately sixty (60) lots. The twenty-seven (27) lots in PDP-5S and the eighty-two (82) lots in PDP-1N, Phase 1 are, collectively, referred to as "Phase 1" in this Addendum No. 3, and the sixty (60) lots in PDP-1N, Phase 2 are referred to as "Phase 2" in this Addendum No 3.
- M. It is understood that if Polygon does not purchase Phase 1 of the Villebois Property on or before December 31, 2011, this Contract Addendum No. 3 will become null and void, without liability to any party hereto as a result thereof. The parties may agree, in writing, to modify this Addendum No. 3 on or before the December 31, 2011 deadline date.
- N. Except as modified hereby, the rights and obligations of Villebois, and of Polygon and Village as assignees of Villebois, with respect to park construction, ownership and maintenance shall remain as provided in the Development Agreement and Addendum No. 1.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, incorporating all of the above Recitals by reference herein as if fully set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

I. REGIONAL PARK 3

If Polygon acquires the land from Villebois, as described above, Polygon will be required to construct RP-3 as follows:

Section 1.1 – RP-3 Construction

- 1.1.1** Polygon estimates the construction of RP-3 to be Six Hundred Thirty-Three Thousand Five Hundred Seventy-Five Dollars (\$633,575), which amount includes a Fifty Thousand Six Hundred and Eighty-Six Dollars (\$50,686) contingency.

Out of that amount, the City's share for extra capacity will be Two Hundred Five Thousand Nine Hundred Ten Dollars (\$205,910). The City or the URA will also pay Two Hundred Thirteen Thousand Eight Hundred Thirty-Two Dollars and Fifty Cents (\$213,832.50) on behalf of Village for the SAP Central share, and Polygon will pay Two Hundred Thirteen Thousand Eight Hundred Thirty-Two Dollars and Fifty Cents (\$213,832.50) for the South SAP share. See **Exhibit B** attached hereto and incorporated by reference herein. The Agreement for payment of Village's share between the URA and the City is set forth in a separate agreement.

- 1.1.2 All of Polygon's obligations in this Addendum No. 3 are dependent on Polygon purchasing the Villebois Property on or before December 31, 2011.
- 1.1.3 Polygon will begin construction on RP-3 by no later than June 1, 2012, with completion required by March 31, 2013.
- 1.1.4 Village agrees that in consideration for the City or the URA paying its share of RP-3 cost that the URA will reduce the Urban Renewal contribution the City was to make to SAP Central, as more particularly set forth in **Exhibit 1** to Contract Addendum No. 1, on a dollar for dollar basis from the first dollars to be paid to Village by the Urban Renewal Agency. Because the URA or the City is paying Village's share of the costs in exchange for a dollar for dollar reduction in the Urban Renewal payment that will be available to Village, as more particularly set forth in **Exhibit 1**, public contracting laws must be followed and prevailing wages must be paid in accordance with Bureau of Labor and Industries ("BOLI") requirements. The City and Polygon will work together to ensure all applicable public contracting requirements are satisfied.
- 1.1.5 Polygon, or its contractor, will supply payment and performance bonds, in a form acceptable to the City, in the full amount of the contract price for RP-3.
- 1.1.6 All parties agree that the exaction for RP-3 allocated to each party is proportionate to the development contemplated by the parties to occur.
- 1.1.7 The frozen Parks SDC rate set forth in Contract Addendum No. 1 will continue to apply to any lots for which a building permit is obtained by Polygon prior to May 24, 2014.

Section 1.2 – Reimbursement to Polygon

Upon final completion of RP-3 not including the community center and swimming pool, but including all punch list items, Polygon will provide the City with detailed invoices for the work performed, documenting the full amount it wishes to be reimbursed by the City. Upon receipt and approval by the City of such documentation (such approval not to be unreasonably withheld or delayed), the City will provide Polygon with payment for the City share and the SAP Central share of the cost of RP-3. All of the parties acknowledge

that the costs set forth in this Addendum No. 3 are estimates only and that the final costs of RP-3 share and the final cost may vary based on final design approval and actual construction costs, to be reviewed and approved, in writing, by the City. Additional reimbursement of any RP-3 costs shall not exceed Seven Hundred Thousand Dollars (\$700,000) unless City approval is first obtained, which approval may be granted or denied in the City's sole discretion.

Therefore, a true up of each party's share of actual costs will occur upon completion and submittal of detailed cost receipts by Polygon in proportion totaling the contributions outlined above, with the City contribution being approximately thirty-two and one-half percent (32.5%) and the City (on behalf of Village) and Polygon each contributing approximately thirty-three and three-fourths percent (33.75%), based on the **Exhibit B** allocation.

Section 1.3 – Maintenance of RP-3 and Subsequent Dedication to the City

The provisions regarding maintenance and dedication of RP-3 shall remain as set forth in the Development Agreement and Contract Addendum No. 1. Polygon shall assume maintenance responsibility of RP-3 which Polygon is permitted to delegate to its home owner's association. This obligation shall run with the land and shall be binding on the successors and assigns of Polygon. If Polygon purchases the Villebois Property and builds RP-3, as contemplated herein, Polygon will enter into a separate recorded Operations and Maintenance Agreement with the City and will repair and maintain RP-3 for a period of five (5) years from final acceptance of the RP-3 improvements by the City. If Polygon does not purchase the Villebois Property, this obligation will remain as set forth in Addendum No. 1 and will run with the land. A Memorandum of this Addendum No. 1 and Addendum No. 3 will be filed against the SAP Central and the SAP North and South property.

II. MISCELLANEOUS PROVISIONS

Section 2.1 – Further Assurances

Each party shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of its obligations hereunder, in good faith to carry out the intent of the parties hereto. In order to ensure timely completion of RP-3, Polygon will provide the City with a completion bond, issued by a surety acceptable to the City, applicable to the Phase(s) acquired by Polygon, in the full amount of the RP-3 construction costs or such other form of payment guarantee as the City is willing to accept.

Section 2.2 – Modification or Amendment

No amendment, change or modification of this Addendum No. 3 shall be valid unless in writing and signed by the parties hereto.

Section 2.3 – Relationship

Nothing herein shall be construed to create an agency relationship or a partnership or joint venture between the parties.

Section 2.4 – Burden and Benefit; Assignment

The covenants and agreements contained herein shall be binding upon and inure to the benefit of the parties and their successors and assigns. Polygon, Village and Villebois covenant and agree that they shall notify any successor in interest or any tenant on the Villebois Property of Polygon's, Village's and Villebois's covenants and obligations under this Addendum No. 3. No party may assign this Addendum No. 3 without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed. However, Polygon shall be permitted to assign this Addendum No. 3 to an affiliate of Polygon or an entity managed or controlled by the same people who manage Polygon.

Section 2.5 – No Continuing Waiver

The waiver of either party of any breach of this Addendum No. 3 shall not operate or be construed to be a waiver of any subsequent breach.

Section 2.6 – Applicable Law

This Addendum No. 3 shall be interpreted under the laws of the State of Oregon. Jurisdiction is in Clackamas County, Oregon.

Section 2.7 – Legal Fees

If any party commences legal proceedings, including arbitration, mediation or bankruptcy, for any relief against the other party arising out of or related to this Addendum No. 3, or the breach thereof, the losing party shall pay the prevailing party's legal costs and expenses, including, but not limited to, arbitration costs, reasonable attorneys' fees and expert witness fees as determined by the court or the arbitrator, at the trial level or on any appeal.

Section 2.8 – Time of Essence

Time is expressly declared to be of the essence of this Addendum No. 3.

Section 2.9 – Notices

All notices, demands, consents, approvals and other communications which are required or desired to be given by any party to each other hereunder shall be in writing and shall be faxed, hand delivered or sent by overnight courier or United States Mail at its address set forth below, or at such other address as such party shall have last designated by notice

to the other. Notices, demands, consents, approvals and other communications shall be deemed given when delivered, three (3) days after mailing by United States Mail, or upon receipt if sent by courier; provided, however, that if any such notice or other communication shall also be sent by telecopy or fax machine, such notice shall be deemed given at the time and on the date of machine transmittal.

To City: Michael Bowers, Community Development Director
City of Wilsonville
29799 SW Town Center Loop East
Wilsonville, OR 97070

To Villebois: Wayne Rembold
Villebois LLC
1022 SW Salmon Street, Suite 450
Portland, OR 97205

To Polygon: Fred Gast, President
Polygon Northwest Company, L.L.C.
109 E. 13th Street
Vancouver, WA 98660

With a copy to: Barbara W. Radler
Ball Janik LLP
101 SW Main Street, Suite 1100
Portland, OR 97204

To Village: Rudy Kadlub
Villebois Village Center LLC
c/o Costa Pacific Communities
11422 SW Barber Street
Wilsonville, OR 97070

Section 2.10 – Rights Cumulative

All rights, remedies, powers and privileges conferred under this Addendum No. 3 on the parties shall be cumulative of and in addition to, but not restrictive of or in lieu of, those conferred by law.

Section 2.11 – Counterparts

This Addendum No. 3 may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

Section 2.12 – No Third-Party Beneficiaries and No Assignment

None of the duties and obligations of any party under this Addendum No. 3 shall in any way or in any manner be deemed to create any rights in any person or entity other than the parties hereto. The URA is executing this Addendum No. 3 solely to approve this Addendum No. 3 to the Development Agreement, but it assumes no obligations hereunder by doing so. This Agreement may not be assigned by Villebois or Polygon without the express written consent of the City, which may be granted or denied in the City's sole discretion. However, Polygon shall be permitted to assign this Agreement to an affiliate of Polygon or an entity managed or controlled by the same people who manage Polygon.

Section 2.13 – Dispute Resolution

2.13.1 Mediation. All disputes arising out of this Addendum No. 3, save and except for acquisition of property subject to eminent domain, shall first be submitted to mediation. Either party desiring mediation shall provide the other party with a written notice (the "Request to Mediate"), which shall set forth the nature of the dispute. The parties shall in good faith cooperate in the selection of a mediator and may adopt any procedural format that seems appropriate for the particular dispute. In the event a written settlement agreement is not executed by the parties, in the parties' sole discretion, within twenty (20) days from the date of the Request to Mediate, or such longer time frame as may be agreed upon in writing by the parties, any party may make demand for arbitration pursuant to the following paragraph.

2.13.2 Arbitration. Any dispute arising under this Addendum No. 3, save and except for acquisition of property subject to eminent domain, which is not resolved through mediation, may be submitted by any party to arbitration conducted in Portland, Oregon before a single arbitrator selected by mutual agreement of the parties. The arbitrator shall have substantial experience in commercial real estate and construction disputes. If the parties are unable to mutually select an arbitrator within twenty (20) days, then each party shall select an arbitrator and the two arbitrators shall select a single arbitrator. Judgment upon the arbitrator's award may be entered in any court having jurisdiction of the matter.

Section 2.14 – Guarantee

Guarantor hereby absolutely and unconditionally guarantees all of the obligations of Polygon, or any assignee of Polygon pursuant to Section 2.12.

Section 2.15 – Authority

All parties signing this Contract Addendum No. 3 hereby represent and warrant that they have full signing authority and that their signature will bind their respective entity. All parties hereby represent that entry into this Contract Addendum No. 3 does not require

approval by any other party and will not violate any loan covenant or any other agreement with any other third party.

ALL CONSTRUCTION COSTS AND CITY CREDITS ARE ESTIMATES AND ARE SUBJECT TO TRUE-UP BASED ON ACTUAL BID CONTRACT COSTS AT TIME OF ISSUANCE OF BUILDING PERMITS.

EXCEPT AS PROVIDED HEREIN, ALL OTHER PROVISIONS OF THE DEVELOPMENT AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT. IN THE EVENT ANY PROVISION OF THIS ADDENDUM NO. 3 DIRECTLY CONFLICTS WITH THE DEVELOPMENT AGREEMENT, THIS ADDENDUM NO. 3 WILL CONTROL.

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the day and year first written above.

Villebois, LLC

By: _____
Print Name: _____
As Its: _____

**Polygon at Villebois, L.L.C., a Washington
limited liability company**

By: **PNW Home Builders South, L.L.C., a
Washington limited liability company**
Its: **Manager**

By: **PNW Home Builders, L.L.C., a
Washington limited liability company**
Its: **Sole Member**

By: **PNW Home Builders Group, Inc.,
a Washington corporation**
Its: **Manager**

By: _____
Fred Gast
As Its: Assistant Vice President

GUARANTOR:

Polygon Northwest Company, L.L.C.,
a Washington limited liability company

By: **Brentview, Inc.**, a Washington corporation,
Its: Manager

By: _____
Print Name: _____
As Its: _____

Villebois Village Center, LLC,
an Oregon limited liability company

By: _____
Print Name: Mike McKernan,
Director of Operations, Granite Land Co.
As Its: Managing Member

City of Wilsonville,
an Oregon municipal corporation

By: _____
Bryan Cosgrove
As Its: City Manager

Urban Renewal Agency of the City of Wilsonville

By: _____
Bryan Cosgrove
As Its: Executive Director

ATTESTED TO:

Sandra C. King, MMC, City Recorder

Date: _____

APPROVED AS TO FORM
this ____ day of October, 2011

Barbara A. Jacobson, Assistant City Attorney
City of Wilsonville, Oregon