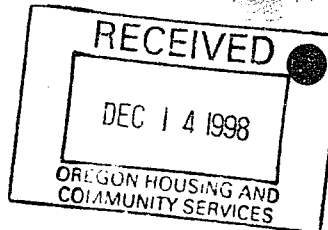


1999 SEP -3 PM 3:36

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
Oregon Housing and Community
Services Department
1600 State Street
Salem, Oregon 97301-0302

Attn: ~~Betty Dominguez~~ MILT ROBBINS



Vol M99 Page 35617

MTC 47613-KR SPACE ABOVE FOR RECORDER'S USE

PROJECT USE AGREEMENT

THIS AGREEMENT is made this 11 day of December, 1998, between the SoCO DEVELOPMENT, INC. ("Recipient") and OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT ("Department").

PART I: PURPOSE

Department has made available to Recipient a conditional grant in the amount of One Hundred Thousand and 00/100 Dollars (\$100,000.00) ("Grant") to partially meet the costs of acquiring and rehabilitating a 4 unit project in Klamath Falls, Oregon known as Union Station ("Project").

PART II: COMMITMENT TO AFFORDABILITY

Recipient agrees that the Housing Development Grant funds will only be used for 4 units that will house very low income persons for a period of 30 years. Of these units, all will be targeted to very low income persons. Low income is defined as persons at or below 80% of the county median income and very low income is defined as persons at or below 50% of the county median income, as published annually by the U.S. Department of Housing and Urban Development ("HUD"). If, at any time from the day first written above, the property is used for other than this purpose during this period, the Grant provided by Department may, with reasonable notice, be called by the Department for repayment to same by or on behalf of Recipient, its successors or assigns.

PART III: COMMITMENT TO SOCIAL SERVICE PROGRAMS

Recipient agrees that a service plan in accordance with their project description will be offered to residents, a copy of which is attached to this Agreement as Exhibit A and by this reference made a part of it. Recipient further agrees that if at any such time the above-referenced service programs or reasonable substitutes are not being provided, Department may, with reasonable notice to Recipient, call for repayment of the Grant by or on behalf of Recipient, its successors or assigns.

PART V: FORECLOSURE

In the event the construction and/or permanent lender, its successors or assigns, lawfully acquire title to the project through foreclosure or deed in lieu of foreclosure, neither the lender nor any subsequent purchaser of the project following such a foreclosure or deed in lieu of foreclosure shall be deemed a "successor or assign" of the Recipient, and neither the lender nor such subsequent purchaser shall have any obligation to

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repay the Grant to the Department and all conditions and restrictions contained herein shall terminate on the date, if any, that the project is so acquired by foreclosure or deed in lieu of foreclosure.

IN WITNESS WHEREOF, Department and Recipient have caused this Agreement to be signed by their duly authorized officers as of the first day written above.

OREGON HOUSING AND COMMUNITY
SERVICES DEPARTMENT

SoCO DEVELOPMENT, INC.

By: [Signature]

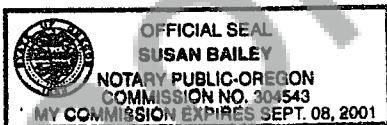
By: [Signature]

Title: Housing Resources Section (HRS)
MANAGER

Title: Executive Director

STATE OF OREGON)
)ss:
County of Marion)

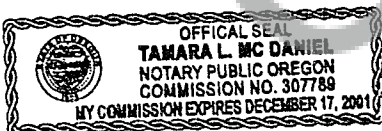
The foregoing instrument was acknowledged before me this 17th day of December 1998
by Robert Gillespie who is an HRS Manager of Oregon Housing and
Community Services Department, on behalf of the Department.



Susan Bailey
Notary Public for the State of Oregon
My commission expires: 9/8/2001

STATE OF OREGON)
)ss:
County of Klamath)

The foregoing instrument was acknowledged before me this 11th day of December 1998
by W. Lou Ellen Kelly who is a Director of Soco Development, Inc.
on behalf of the Recipient.



Tamara L. McDaniel
Notary Public for the State of Oregon
My commission expires: 12/17/01

EXHIBIT "A"
IDENT SERVICE PLAN DESCRIPTION
SEE SECTION VIII.

35619

Describe the process of conducting the needs assessment to determine appropriate and available services for the targeted population:

Potential UNION STATION residents will be selected from the psychiatric disabilities population. The assessment addresses psychiatric symptomology and treatment, behavioral concerns, medical/physical concerns, social/recreational activities, and family & legal issues. Assessed will be knowledge of budgeting & financial management, basic independent living skills, productivity and daily structure, vocational and educational needs, family involvement, and transportation needs. The individual assessment is used as the basis for designing services to meet the needs of each resident.

A study conducted by KCMH in the Community Support Services program in January 1997, administered a support questionnaire to 40 individuals who were diagnosed as chronically mentally ill (CMI). It was found that 20% wanted a living situation which was less restrictive; 80% wanted more general skills for independent living including shopping, budget, personal care, laundry, solving problems and social skills, job skills, and managing their own medications.

Describe the provision of services to be offered and the anticipated results in measurable terms:

A skills trainer will be available to residents five days per week. KCMH staff will provide telephone backup coverage to onsite provider on days KCMH skills trainer is not available. The on-site family will be trained by KCMH staff to provide coverage on the day services are not provided. Skills training services will include shopping, budgeting, interpersonal skills and management of leisure time, safety assurance, and other independent living skills as indicated in the assessments. In addition, the residents will benefit from ongoing classes, group activities, social involvement, individual therapy and vocational programs provided through KCMH. SoCO will provide training in Oregon Landlord Tenant Laws, Fair Housing Act Reasonable Accommodations, gardening and house the onsite managers who are available in the evenings and weekends.

Skill	% Improvement	Accomplishment
a. Living Skills: laundry, shopping, cooking, personal care, problem solving/coping, as indicated by ability to meet basic needs services - one time per week for up to 2 hrs.	30 to 40%	Ability to demonstrate Skills - 3 mo.
b. Learning basic transportation skills, learning to ride a bicycle, services two per week skills training or as indicated by need	40 to 50%	Making appts on time 3 mo., learn to interact w/ Bus drivers, transferring.
c. Basic budget & finance skills, simple math to make change shopping, writing checks - 2x per mo. Or as indicated by need	45%	Successfully using Skills on their own - 4 mo.
d. Learn to personally monitor medications and take w/out missing days. Monitored 2 x a week or as indicated	35-40%	CPR and First Aid Certificates, reduced Hospitalization 6 mo
e. Improve social behaviors through participating in group activities meetings, outings, crafts, gardening RR-CSS program 2 x per week.	30%	Maintain Positive leisure time Activities & change Social behaviors 6 - 9 mo
f. Vocational training to increase employability, 2-4x pr wk could include classes or individual time w/VOC counselor	40%	Getting jobs 4 - 6 mo
g. Increased independence to integrate as enhanced community members CSS day treatment 1 x per week.	50%	Quality of life Improvement 6 mo

Describe the process for ensuring coordination of resident services with ongoing management:

KCMH will collect the rents and send them to SoCO. SoCO will interact with the residents in their portion of training, taking repair reports and responding to their questions and concerns. KCMH and SoCO will meet weekly with residents to begin with and then once a quarter thereafter. SoCO and KCMH will then meet monthly to continue interaction coordination.

LEGAL DESCRIPTION

Lots 21 and 22, Block 309, Darrow Addition to the City of Klamath Falls, Oregon, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

State of Oregon, County of Klamath
Recorded 9/03/99, at 3:36 p. m.
In Vol. M99 Page 35617
Linda Smith,
County Clerk Fee \$ 45.00