

RECORDING REQUESTED BY  
AND WHEN RECORDED, MAIL  
TO: Betty Markey  
cc - Oregon Housing and Community  
Services Department  
1600 State Street  
Salem, Oregon 97301-4246

SPACE ABOVE FOR RECORDER'S USE

OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT  
HELP PROGRAM  
FINANCING ADJUSTMENT FACTOR SAVINGS FUNDS USE AGREEMENT

THIS FINANCING ADJUSTMENT FACTOR SAVINGS FUNDS USE AGREEMENT (this "Agreement") is made and entered into as of 10/12, 1999, by and between Oregon Housing and Community Services Department ("OHCS D") and Linkville Health Foundation. (the "Grantee").

RECITALS:

WHEREAS, OHCS D has granted \$75,000 (the "Grant") to the Grantee to partially fund eight units of safe, decent and sanitary housing to very-low-income Oregon families or persons on property located in Klamath Falls, Oregon, known as Sails Supportive Housing ("Project") and further described by the legal description attached as Exhibit A; and

WHEREAS, the Grant is funded by moneys realized from the refunding of bonds issued through OHCS D to finance housing projects subsidized by the US Department of Housing and Urban Development ("HUD") under HUD's Financing Adjustment Factor ("FAF") program; and

WHEREAS, HUD shares such moneys with bond issuers such as OHCS D on an equal basis; and

WHEREAS, HUD attaches certain restrictions and requirements upon the use of funds realized from such refundings.

AGREEMENT

NOW, THEREFORE, in consideration of the above premises, the disbursement of the Grant and in order to ensure OHCS D's compliance with the above restrictions and requirements, OHCS D and the Grantee agree as follows:

Section 1. Use of Grant for Development Costs. Where the Grantee uses Grant funds to pay development costs of the Project and facilities related and subordinate thereto the Grantee shall use Grant funds to pay development costs only to the extent that the development costs funded are chargeable to the Project's capital account, or would be so chargeable but for a proper election by the Grantee to deduct such amounts;

Section 2. Restrictions Upon Tenants of Project. The Grantee shall limit the occupancy of two of the eight housing unit(s) within the Project assisted by Grant funds to families and persons of very low income within the meaning of the United States Housing Act of 1937 and the regulations thereunder, and who are also families or persons who are either farm laborers, victims of domestic violence, or homeless, for at least 10 years from the date first written above.

Section 3. Maintenance of Tenant Eligibility Certification; Annual Submission to OHCS D  
The Grantee shall obtain and maintain on file for each person residing in the Project an annually updated certification of tenant eligibility and income verification in the form required by OHCS D attached as Exhibit B to this Agreement and shall submit such certifications to the OHCS D on each anniversary date of this Agreement.

Section 4. Inspection of Project Units. The Grantee shall permit OHCS D and/or HUD to inspect housing units within the Project assisted by the Grant at reasonable times and under reasonable conditions;

Section 5. Sale or Transfer of Project. The Grantee shall not sell, transfer or otherwise dispose of the Project or any interest therein (other than the making of leases for the units to members of the general public) without obtaining the prior written consent of the OHCS D. Any sale, transfer or other disposition of the Project in violation of this covenant shall be ineffective and shall not relieve the Grantee of its obligations under this Agreement.

Section 6. Notice of Default; Repayment of Grant. If, at any time within 10 years of the date of this Agreement, the Grantee fails to comply with any covenant contained in this Agreement, the Grantee shall immediately notify OHCS D of such noncompliance and shall follow all directions of OHCS D to remedy such failure. In the event that the Grantee does not cure any such failure within 30 days of receipt of instructions to do so from OHCS D, the \$75,000 granted to the Grantee shall be immediately repaid by the Grantee to OHCS D.

Section 7. Reliance by OHCS D. In performing its duties and obligations hereunder, the OHCS D may rely upon statements and certificates of the Grantee and persons or families of very-low-income believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Grantee pertaining to occupancy on the Project. In addition, the OHCS D may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by OHCS D hereunder in good faith and in conformity with the opinion of such counsel.

Section 8. Covenants To Run With The Land. The Grantee hereby subjects the Project, including the land described in Exhibit A hereto, to the covenants, reservations and restrictions set forth in this Agreement. The OHCS D and the Grantee hereby declare their specific intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Grantee's successors in title to the Project; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 9. Burden and Benefit. OHCS D and the Grantee hereby declare their understanding and intent that the burden of the covenants set forth therein touch and concern the land in that the Grantee's legal interest in the Project is rendered less valuable thereby. OHCS D and the Grantee hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by persons or families of very-low-income and the intended beneficiaries of such covenants, reservations and restrictions.

Section 10. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the land on which the Project now exists or is to be constructed.

Section 11. Term. This Agreement shall become effective upon its execution and delivery. Except as provided in the immediately following paragraph, this Agreement shall remain in full force and effect for a period of 10 years from the date first written above.

Notwithstanding any other provisions of this Agreement, this entire Agreement, or any of the provisions or sections hereof, may be terminated upon written agreement of the OHCS D and the Grantee, recorded in the real property records of the county in which the Project is located.

Section 12. Governing Law. This Agreement shall be governed by the laws of the State of Oregon.

Section 13. Amendments. Except as provided in the next succeeding section, this Agreement shall be amended only by a written instrument executed by the parties hereto.

Section 14. Severability. If any one or more of the provisions of this Agreement shall be declared by any court of competent jurisdiction to be contrary to law, then such provisions shall be deemed separable from, and shall in no way affect the validity of, any of the other provisions of the Agreement.

Section 15. Recording and Filing. The Grantee shall cause this Agreement and all amendments and supplements hereto to be recorded and filed in the real property records in the office of the County Recorder of the county (or counties) in which the Project is located and in such manner and in such place as the OHCS D may reasonably request, and shall pay all fees and charges incurred in connection therewith. Upon the termination of this Agreement, the OHCS D shall cooperate with the Grantee, at the sole expense of the Grantee, in the recording of such instrument or instruments of release or termination with respect to this Agreement as the Grantee may reasonably request.

Section 16. Notice. Notice required under this Agreement shall be in writing, mailed or delivered to the parties at the following addresses:

If to OHCS D:

Oregon Housing and Community Services Department  
1600 State Street  
Salem, OR 97301-4246  
Attention: Robert Gillespie, Housing Resources Manager

40481

If to the Grantee:

Linkville Health Foundation  
PO Box 369  
Klamath Falls, OR 97601  
Attn: Stan Gilbert, Vice Chair

IN WITNESS WHEREOF, the Oregon Housing and Community Services Department and the Grantee have caused this Agreement to be signed, acknowledged and attested on their behalf by duly authorized representatives, all as of the date written below.

OREGON HOUSING AND COMMUNITY SERVICES  
DEPARTMENT, STATE OF OREGON

Dated: 10-6-99

By: [Signature]  
Title: HOUSING RESOURCES SECTION MANAGER

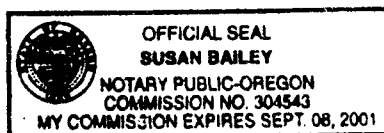
Linkville Health Foundation

Dated: 10/11/99

By: [Signature]  
Title: Vice-Chair

STATE OF OREGON )  
) ss.  
COUNTY OF MARION )

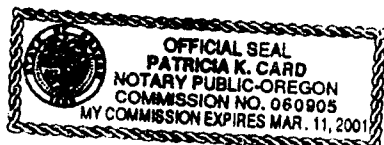
The foregoing instrument was acknowledged by me this 6th day of October, 1999, by Robert Gillespie, Housing Resources Section Manager, on behalf of the Oregon Housing and Community Services Department.



[Signature]  
Notary Public  
My Commission Expires: 9/8/2001

STATE OF OREGON )  
) ss.  
COUNTY OF Klamath )

The foregoing instrument was acknowledged by me this 11th day of October, 1999 by Stan Gilbert, on behalf of the Linkville Health Foundation.



[Signature]  
Notary Public  
My Commission Expires: 3/11/2001

40482

**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY**

LOTS 10 AND 11, ELM PARK, IN THE COUNTY OF KLAMATH,  
STATE OF OREGON

CODE 41	MAP 3809 - 34CD	TL 5300
CODE 41	MAP 3809 - 34CD	TL 5400

40483

## EXHIBIT B

Confidential

**TENANT ELIGIBILITY CERTIFICATION**  
 Tenant is to Complete Certification Form Annually

<b>PROPERTY NAME</b>
<b>PROPERTY ADDRESS</b>
<b>UNIT NUMBER</b>
<b>TENANT INFORMATION</b> <b>TOTAL NUMBER RESIDING IN UNIT</b> _____ <b>HEAD OF HOUSEHOLD</b> _____ <b>OTHER RESIDENTS</b> _____

<b>ANNUAL HOUSEHOLD INCOME</b>
--------------------------------

NOTE: "Income" is all income received, including interest on assets. Principal payments from the sale of real property is excluded. This information will be kept confidential, and will be used only to ensure compliance with the financing requirements of this property.

<b>ANNUAL HOUSEHOLD INCOME</b> (please check appropriate box)	Landlord should insert the appropriate dollar figures, based upon family size, for the local area from the HUD - Estimated Median Family Income Notice, prepared annually.
<input type="checkbox"/> Under \$ _____	Very Low Income
<input type="checkbox"/> Between \$ _____ and \$ _____	Low Income
<input type="checkbox"/> None of the Above	

SIGNATURE OF TENANT \_\_\_\_\_

DATE \_\_\_\_\_

FAF Agreement  
Sails Project  
Page 6 of 6

State of Oregon, County of Klamath  
 Recorded 10/12/99, at 2:57 p.m.  
 In Vol. M99 Page 40478  
 Linda Smith  
 County Clerk Fee \$ 55.00