

RECORDING REQUESTED BY
AND WHEN RECORDED, MAIL TO:

OCT 12 PM 2:57

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Oregon Housing and Community
Services Department
1600 State Street
Salem, Oregon 97301-4246
Attn: Betty Markey

SPACE ABOVE FOR RECORDER'S USE

PROJECT USE AGREEMENT

THIS AGREEMENT is made this 12 day of October, 1999, between Linkville Health Foundation ("Recipient") and the 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 Dollars (\$100,000) ("Grant") to partially meet the costs of acquisition and rehabilitation of an 8 unit project in Klamath Falls, Oregon known as Sails Supportive Housing ("Project").

PART II: COMMITMENT TO AFFORDABILITY

Recipient agrees that the Housing Development Grant funds will only be used for three of the eight units, and these three units will house very low income persons for a period of 25 years. 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 IV: SUBORDINATION

This Agreement and the restrictions hereunder are subordinate to the loan and loan documents on the Project in an original principal amount not to exceed \$180,000. The Department may subordinate this Agreement to other Financing, in its sole discretion and such subordination shall be binding on all third-parties granted rights under this Agreement.

PART V: FORECLOSURE

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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 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

LINKVILLE HEALTH FOUNDATION

By: [Signature]

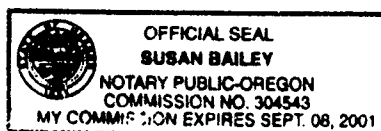
By: [Signature]

Title: Assistant Regional Services Director (HRS)
MANAGER

Title: Vice-Chair

STATE OF OREGON)
)ss:
County of Marion)

The foregoing instrument was acknowledged before me this 6th day of October 1999, by Robert Gillette 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 October 1999, by Stan Gilbert who is a Vice Chair of Linkville Health Foundation, on behalf of the Recipient.



Patricia K. Card
Notary Public for the State of Oregon
My commission expires: 3/11/2001

EXHIBIT A

COMMITMENT TO SOCIAL SERVICE PROGRAMS

Describe the process you used to determine the appropriate needs and available services for the target population:

Oregon Adult & Family Services District 11 offices have collected data and have been working directly with the teen mothers once they enter their last month of pregnancy. AFS has tracked the events surrounding the lives of these girls and this is the origin of the program. Linkville Health Foundation has developed a model to serve this specialty populations needs. Joining with AFS and Linkville are Klamath Youth Development Center, SOCO Development, City Schools Mazama High School Teen Parent Program which includes child care and Klamath County Health Department WIC. The agencies that are pooling their energies to serve the specialty population of teen moms (aged 11 to 19) and their children have all collected data on the needs of the populations. Through various meetings the needs were discussed and decided upon. All of the agencies are experienced in the needs of this population.

Describe the services to be offered and the anticipated results of each service:

Service	Agency	Projected Result
Infant Bonding	Linkville Health	That the mothers will practice skills and abuse rates will drop. Housekeeping/cooking skills, shopping, usage of funds, how to run one's life & relationships. To work daily with the girls & Provide a house parent on site.
Parenting Skills Training	Linkville Health	
Life Skills Training		
Case Management		
Budget & Finance	SOCO Development	The girls will follow budgets and become more skilled in use of funds with ability to say no.
IAM A Giraffe	SOCO Development	Through learning coping skills the girls will learn to better solve problems and deal with issues that they will be met with.
Parent Guides	Safety Net - AFS & SOCO	150 Page book on parenting for reference
Abuse Prevention	KYDC, AFS Safety Net, SOCO	Reduced child abuse & death.
Counselling	KYDC	Girls come from dysfunctional families & need counseling
GED or High School	KI or Mazama High School	That they will complete a GED or receive a diploma.

Exhibit A

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What will you do to ensure coordination of resident services with ongoing management:

Linkville Health Foundation is in charge of both the rentals and the young women's schedules and training. Linkville coordinates the schedules with AFS and other agencies.

Linkville Health Foundation will provide: ① a food pantry and emergency supplies for the girls, ② will provide a maintainance and a reserve fund so that the property is well maintained over time, ③ will provide for grounds maintainance and a reserve fund, ④ will pay the bills (water, sewer, electric, gas, garbage) in a timely way so that no shut-off notices are received, ⑤ shall pay the mortgage payments on time so that no threat of foreclosure is made, ⑥ that should foreclosure begin that notification will be made to all parties, particularly AFS so that another agent may be found.

A "punch list" of repair needs will be maintained by Linkville in the community room so that the girls can add to the list needed repairs in their units. Repairs will be scheduled in a timely way by Linkville with appropriate notification of the girls so that their lives are not disrupted. Linkville will carefully maintain a separation from their landlord duties following Oregon Landlord Tenant Law and Fair Housing requirements while maintaining a good working relationship with the girls in the program portion.

Linkville will follow its Resident Service Plan providing the services as written in this plan on a daily basis.

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EXHIBIT B

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

State of Oregon, County of Klamath
Recorded 10/12/99, at 2:57 p.m.
In Vol. M99 Page 40484
Linda Smith,
County Clerk Fee \$ 50.00