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RECORDING REQUESTED BY
AND WHEN RECORDED, MAIL TO:

Vol M03 Page 30506

Oregon Housing and Community Services
PO Box 14508
Salem, Oregon 97309-0409
Attn: Carol S. Kowash, Housing Development Rep

Vol M03 Page 32271

SPACE ABOVE FOR RECORDER'S USE

BEING RERECORDED TO
CORRECT 1ST EXHIBIT B LEGAL

PROJECT USE AGREEMENT

THIS AGREEMENT is made this 9 day of April, 2003 between Rembold
Trusts, Inc. ("Recipient") and Oregon Housing and Community Services ("OHCS," "Department").

PART I: PURPOSE

Department has made available to Recipient a conditional grant in the amount of Twenty Five Thousand Dollars (\$25,000) ("Grant") to partially meet the costs of construction of a sixty three (63) plus one manager's unit project in Klamath Falls, Oregon known as Crestview Commons Apartments ("Project").

PART II: COMMITMENT TO AFFORDABILITY

Recipient agrees that the Housing Development Grant funds will only be used for one (1) of the 63 affordable plus one manager's units, and these will house low and very-low income persons. The 63 units will house low and very low income persons for a period of fifty (50) years. Of these units, ten (10) units will be targeted to very low income persons and 53 units will be targeted to low income persons. Very low income is defined as persons at or below 50% of the county median income, and low income is defined as persons at or below 60% 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 OHCS 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 is 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 \$ 1,600,000. OHCS 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.

State of Oregon, County of Klamath
Recorded 05/07/2003 3:07 p. m.
Vol M03 Pg 30506-18
Linda Smith, County Clerk
Fee \$ 81.00 # of Pgs 13

State of Oregon, County of Klamath
Recorded 05/14/2003 10:52 a. m.
Vol M03 Pg 32271-84
Linda Smith, County Clerk
Fee \$ 86.00 # of Pgs 14

Trust Fund Agreement
Crestview Apartments 00000322

86 RR m
85.00 m

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 OHCS 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

REMBOLD TRUSTS, INC.

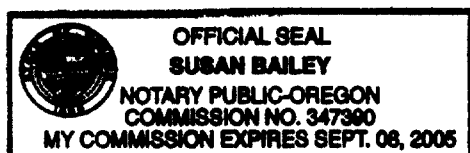
By: Betty Markey

Title: Betty Markey, Manager (OHCS)
Housing Resources Section (HRS)

By: Wayne Rembold
Title: Wayne Rembold, ~~Member~~ President
Rembold Trusts, Inc.

STATE OF OREGON)
)ss:
County of Marion)

The foregoing instrument was acknowledged before me this 9th day of April
2003, by Betty Markey who is a Housing Resources of Oregon
Manager
Housing and Community Services, on behalf of OHCS.



Susan Bailey
Notary Public for the State of Oregon
My commission expires: 9-8-05

STATE OF OREGON)
)ss:
County of Multnomah)

The foregoing instrument was acknowledged before me this 22 day of April 2003, by
Wayne C. Rembold who is a President of Rembold Trusts, Inc.
on behalf of the Recipient.



Bette Jean Owen
Notary Public for the State of Oregon
My commission expires: 11/29/04

COMMITMENT TO SOCIAL SERVICE PROGRAMS

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

Klamath Falls is a complex city. On the positive side, retirees and families have relocated here because of the temperate climate, lower cost of living and assorted recreational opportunities. On the other hand, the decline in timber product during the early 1990s and the recent irrigation struggles have had a negative impact on families tied to timber, agriculture and cattle industries. Though the economy is currently holding its own, the impact has been felt and the result is higher than state averages of substance abuse, foster care, teen pregnancy and substandard housing.

With the development of Crestview Apartments, it is the sponsor's hope to help struggling families and seniors take a positive step in their lives. The first consideration for the sponsor was the site location. An in-fill site was found in an older residential neighborhood that is only blocks away from the busy commercial 6th Street thoroughfare. Families with limited transportation opportunities will have the option of walking to schools, churches, jobs and shopping or taking the local bus that stops in front of the project and links to all areas of greater Klamath Falls. Secondly, the sponsor looked carefully at the design development to ensure that there were options for all types of households and needs. Various layouts were with the goal to create a community effect by clustering the units around the landscaped Community Center and play area. Finally, the design and the intended use of this center was contemplated.

Through the interviews with the community that are detailed above, the vision for the Community Center was developed. Many children of the community are "at risk" because of the limited options for care and many adults are in need of easily accessible counseling or self-sufficiency classes. This center needs the flexibility to accommodate an after-school program during the day and adult/teen classes or meetings in the evenings.

The Commission on Children and Families and Services to Children and Families have joined together to create the Youth Center Program. The goal of this project is to provide a safe, supervised neighborhood after-school program for the teens of Klamath Falls. The anticipated result would be teens who stay in school and have a lesser incidence of teen pregnancy and substance abuse. They have one center established and are looking for donated space in other neighborhoods. The proximity to Mazama High School would make the Crestview Community Center an ideal location. The requirement for participation would be a classroom for their curriculum which includes classes in Workforce Readiness, Job Interviewing Techniques, First Time Credit and Homework Assistance. They would also need a recreational space for activities and evening social events. Another aspect of this program is the teens involvement in community service projects. The above mentioned classes and the leadership offered at this center will help prepare these young adults for the responsibilities of independent living and for making positive life choices as they mature.

Many service providers helped clarify the needs for the potential adult residents of Crestview. According to Bob Pickle, Director of Lutheran Family Services, the two most used services are Alcohol Outpatient Treatment and Parent Skill Training. Lutheran Family Services does not have a presence near the proposed site and would be happy to provide group skill training classes at the Community Center. A classroom that would hold 12 to 20 people is their only requirement. These counseling services are just two of a full curriculum of programs that are intended to ensure the well-being of the families in Klamath Falls.

The Klamath Adult Learning Center would be able to utilize that same classroom for their English and Job Skills classes. The proposed computer alcove area of the Community Center would be sufficient for them to teach basic computer skills.

Klamath Community College and the Oregon Institute of Technology have also discussed the possibility of providing some of their classes at the Community Center. Particular interests and number of participants would dictate which classes could be taught at the Center.

Providing these classes on site adds a critical component to the array of services aimed at providing the proposed tenant population the best opportunity to become self-sufficient members of the community.

The sponsor currently has several other providers willing to hold classes or meetings at the Community Center. The neighborhood watch program and the Healthy Start programs are two examples of programs that are designed to promote a safe, healthy, livable environment for the residents vested in their community.

The seniors in Klamath are fortunate to have a wonderful senior center that is very close to Crestview. The senior center provides transportation to their site and will assist those seniors that are temporarily housebound. In other projects that the sponsor has been involved in, the resident seniors have become an integral part of the youth programs by assisting with homework or by reading to children. The addition of seniors to the tenant mix will ensure that this project is a reflection of the greater community and will add to the stability of the environment.

In addition to the flexible spaces for the youth/children's programs and classes, the Crestview Community Center will offer other amenities for its targeted population. Computer workstations will be available for homework, research or entertainment, as well as the above mentioned classes. A kitchen will be used to support the programs and classes. For residents who may be living independently for the first time, the center will have a supply room of equipment and environmentally friendly products that the residents can access. An office will be provided for a part-time counselor who will be provided by Klamath Youth Development. This counselor, along with counselors from Lutheran Family Services, will provide the necessary linkage to the other services provided in the community.

Recreational activities are also an important element for healthy, stable families. Smaller children will enjoy the playground equipment while adolescents can take advantage of the project's other playground. Older teens can access the proposed basketball court, Crest Park's tennis courts or the outdoor facilities at Mazama High School.

Meeting the needs of the target population through site selection, community center design and the community partnerships that have been formed is the goal for the sponsor of Crestview Apartments. Residents vested in the safety and livability of their community will be the result of a well-constructed, conveniently located project. Services provided at the Community Center, in addition to the community collaborations, will ensure that residents access the services they need in order to achieve self-sufficiency and stability. Opportunities for self-enhancement will enable families to prosper and the recreational and social interactions will help decrease turnover.

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

The sponsor has interviewed several property management companies and based on those interviews has chosen Cambridge Real Estate Services for their careful management recruitment process and their commitment to the service portion of the project. In addition to their own training, the sponsor will take the following steps to ensure that the vision for Crestview is implemented and maintained:

- The Klamath Housing Authority, in its contemplated role of General Manager, will provide an oversight function. In addition to referrals, they will oversee the resident selection process and will monitor the effectiveness of the resident services. The negotiated contract will include benchmarks to ensure that goals are met. This partnership will also connect management with other Housing Authority projects for idea exchanges or problem-solving.
- A counselor for Klamath Youth Development will be available on an agreed number of days per month to meet or refer tenants needing services.
- The Klamath Crisis Center will offer training to the on-site management in crisis assessment and emergency response referrals.
- Lutheran Family Services will be conducting classes at the Community Center. Counselors involved in the classes will be available for consultations with on-site management as well as with the tenants.
- Cambridge Real Estate Services will take an active roll in the development of the Resident Service Plan and will thereby understand the goals and objectives. Quarterly, the sponsor, on-site manager, counselor and a resident volunteer will meet to assess whether these objectives are being met.

It is important that the residents of Crestview participate in the service component of the project. Not only will residents be surveyed at move-in, but regularly thereafter to ensure that the quality, quantity and type of services provided meet their needs. The sponsor and management will also encourage residents to volunteer their time and creativity to the Community Center.

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EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

Parcel 1 of Land Partition 14-97, being a portion of a tract of land situated in the NE1/4 of the NE1/4 of Section 10, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon,

32277

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

Parcel 1 of Land Partition 1-03, said Land Partition being Parcel 1 of Land Partition 14-97 and a portion of a tract of land situated in the NE1/4NE1/4 of Section 10, Township 39 South, Range 9 East, Willamette Meridian, Klamath County, Oregon.

EXHIBIT A

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RESIDENT SERVICES PLAN

(It is optional to submit this Plan with the CFC Application. It will be required for submission if your project receives a reservation of funding)

Date:	04/01/03	Project Name:	Crestview Apartments
Sponsor:	RK Holdings, LLC	Contact:	Kira Cador
Sponsor Phone:	503-222-7258	Sponsor Fax:	503-222-4053
Management Agent:	Klamath Housing Authority		
Project Location:	Klamath Falls Oregon		
Number of Units:	64	Bedroom sizes:	One, Two & Three
Target Population:	Low and Very Low	Income levels:	40-60%
Projected number of children on-site at full occupancy:	72		

Department Funding:

Trust Fund:	\$ 25,000.00	HOME:	\$ 0.00
HELP:	\$ 0.00	LIHTC:	\$ 550,000.00
OAHTC:	\$1,000,000.00	ADF/Other:	\$ 0.00

Policy Statement

Sponsors who receive Department Resources must include in their affordable housing development a provision for residents to access services appropriate to the identified needs of the target population.

The anticipated outcomes of the Resident Services Plan are:

- 1) Through coordination, collaboration, and community linkages, provide residents the opportunity to access appropriate services which promote self-sufficiency, maintain independent living, and support residents in making positive life choices; and
- 2) To effectively maintain the fiscal and physical viability of the development by incorporating into the ongoing management appropriate services which address resident issues as they may arise.

Developing the Resident Services Plan

The Resident Services Plan contains four sections, each beginning with a statement of intent. Please complete each section thoroughly and completely. There is no limit to the number of pages you may submit, but please be concise.

Section One: Needs Assessment

The intent of this section is to ensure that the Sponsor will employ a thorough and creative process to research, identify and assess potential service needs of the target population. Contact with the local community including schools, churches, businesses, neighbors, service providers, and other affordable housing developments may be necessary in order to define the needs specific to potential residents. The Sponsor is encouraged to research additional sources, including census information, market studies, and the OHCS OMNIPLAN. Assumptions based on the Sponsor's prior experience in designing services for this target population are also valuable.

Describe in detail the service needs of the target population:

Klamath Falls' low income and very low income families are the target population of the Crestview Apartments. Many of these families' roots are tied to agriculture and the timber products industry in Klamath Falls. The decline in timber production during the early 1990's and the recent irrigation struggles have had a negative impact on these Klamath families. Though the economy is currently holding its own, the impact has been felt and the result is higher than state averages of substance abuse, foster care, families in poverty, teen pregnancy and substandard housing.

First and foremost the target population needs affordable housing that is close proximity to schools, services and job opportunities. This is particularly true in the Altamont area of Klamath Falls where 76% of the area's population exists at the poverty level and the majority of available housing consists of substandard mobile homes.

The target population is also in need of affordable options for childcare. Single parent families are especially hard hit by the lack of choices in this community.

Klamath Falls service providers have identified and created programs to deal with other service needs like parental skill training, alcohol treatment and basic job skills. The problem lies in their inability to bring these services to those in need. The target population of Crestview will need counseling and referral help to access these services and ideally have these services provided close to home. This is especially true for families lacking childcare and transportation options.

Describe the methods used, and identify the sources consulted in determining the service needs of the target population:

In order to determine the appropriate needs and available services for the residents of Crestview Apartments, the sponsor met or spoke to service providers, area school officials, local employers and community leaders. The sponsor began each conversation by introducing the project concept, explaining the resident profile and listing the development team credentials. The sponsor then asked for comments on the needs most requested by the profiled population and how those needs are met in the community.

Section Two: Identification and Coordination

The intent of this Section is to demonstrate that the Sponsor has made linkages in the local community and the network of service providers in order to establish roles and relationships in coordination of services for this development. The Sponsor is encouraged to initially investigate an array of possible services and then refine and select those most appropriate to the target population.

Describe the methods used to identify the available services in the community, including efforts to coordinate and collaborate on the design of the Resident Service Plan:

Using experience and referrals from sponsorships in other communities, the Sponsor made the following contacts:
The first contact was with Wayne Connors, the Director of the Klamath Housing Authority. Mr. Connors

provided valuable links to other services within the community. With a waiting list of approximately 600 families within the income range designated for Crestview, the Klamath Housing Authority was keenly aware of the housing shortage and therefore agreed to become the General Manager of Crestview Apartments. A key component of that role is the collaboration on the Resident Service Plan and the monitoring of its success.

The second was Lutheran Family Services, another agency that the sponsor has worked with previously. Bob Pickle, Director of the Klamath chapter identified four service area needs for Altamont area residents. Those areas are: 1) Mental Health; 2) Alcohol Outpatient Treatment; 3) Parent Skill Training; and 4) Youth Services. His lack of presence in the Altamont community hinders his ability to reach these residents. Mr. Pickle will work with the sponsor to offer counseling and training courses from the Crestview Community Center.

The Commission on Children and Families was contacted next. This organization funnels federal and state monies to programs that benefit children and their families. The Commission also helps residential communities develop a Family Empowerment program. Through social activities, residents are able to help each other through group support and program solving. Our contact, Sherry Bean, was ultimately responsible for connecting us to Integral Youth Services, who will provide childcare services at Crestview Community Center.

Beverly Prescott, Director of the Klamath Adult Learning Center was another contact. She said that the Center likes to locate their job skill and English classes around the city and there are currently no facilities located near the Crestview site. If space is available in the community center, Beverly would like to provide these free of charge programs.

Crestview's one bedroom units were not only designed for those living independently for the first time, but also for seniors. Fortunately for Crestview's seniors, the Klamath Basin Senior Center is close by. The center provides transportation to escort seniors to their weekly programs and subsidized daily lunch. The center would also be available to escort Crestview residents to doctor's appointments and to shopping. For residents who may need additional care, the center offers "meals on wheels" and personal home care.

A sampling of other agencies contacted are:

Service to Children and Families – Denise Road, Director said that an influx of families to this area has created a shortage of available childcare options and housing choices. Higher state incident rates of drug and child abuse also occur in Klamath Falls. Her goal is to keep families together through counseling and community programs.

Headstart of Klamath Falls – Diane Rhoda, Director is currently working off of a waiting list for working families looking for childcare options.

Klamath Youth Development – This agency offers counseling services to self-referred families. Their goal is to provide pro-active training and information for families in this community with higher than state average incidence of teen births, poverty level incomes and drug and alcohol dependency issues.

Klamath Crisis Center – The center offers assistance and referrals to families in need. They also operate a 24-hour crisis hot line.

Integral Youth Services – This organization operates after-school programs for the children of low-income or single parent families. Meagan Shamy, Coordinator would like to start a program in the Crestview Community room for approximately 30 children, six to twelve years of age.

Friends of the Children – Friends provide an adult mentoring program for "at risk" children. This program which started in Portland, chose Klamath Falls as one of their first branch locations because the town has the highest number of children in "out of home care" than anywhere else in the state.

Without exception, the conversations with the above service providers reinforced that Crestview's targeted population will need childcare options, substance abuse counseling and employment assistance. And although there are agencies who provide these services, bringing their programs to the residents in the Altamont area has been difficult. The sponsor concluded that the community center would be designed around the needs of an after-

school program to assist the working parents at Crestview. In addition the Crestview Resident Service Plan would provide meeting rooms for Klamath areas service providers so that their counseling, referral services and skill building programs could be accessed directly by the targeted population.

Section Three: Implementation

The intent of this section is to define the logistics of the Resident Services Plan. List each specific service selected as appropriate for the target population, state in measurable terms the anticipated result of providing the service, and identify the provider of the service. Description of how the delivery of services will occur and be funded is critical to this section.

Complete the table below:

SERVICE PROVIDED	ANTICIPATED RESULTS	SERVICE PROVIDER
After School Program	Residents' children who without the program would be "latch key" are able to access this safe and nurturing program.	Integral Youth Services
Adult alcohol treatment or skill building classes at the Community Center	Fewer incidents of substance abuse and family squabbles enable residents to make positive life choices.	Lutheran Family Service
English, computer and skill training	Employment opportunity enhancement promotes resident self-sufficiency and a stable population.	Klamath Adult Learning Center
Computer and printer workstations	Students are able to keep up with school requirements and enjoy a positive recreational outlet.	Crestview Sponsor
Cleaning Supplies	Residents commit to the project's viability and to independent living.	Crestview Sponsor
Referral Counseling	Increased awareness of residents to available community assistance.	Klamath Youth Development
Family Empowerment	Group support and cohesion for a stable community.	Commission on Children and Families

Describe the delivery of resident services. Who is responsible for implementation of the service plan, and will services be offered on-site or on a referral-basis to other providers?

The sponsor in conjunction with the Klamath Housing Authority will be responsible for the implementation of the Resident Service Plan. Most of the services will be offered on-site, but a counselor will be available weekly to refer residents to services not offered on site.

Describe how the physical amenities of the project will be utilized in implementing the provision of services: (i.e., use of the community room, etc.)

The community center was designed with input from the proposed on-site service providers. The meeting rooms and kitchen were designed to meet the requirements of the after-school program conducted by Integral Youth Services and also the needs of Lutheran Family Service and Klamath Adult Learning Center.

The community center will also have a room with four computer workstations and a printer for residents to use for homework, research, entertainment or in conjunction with the adult skill building classes.

For residents who may be living independently for the first time, the center will have a supply room of equipment and environmentally friendly products for their use.

Recreational outlets for the residents will also be provided on site with a proposed playground for children and another for adolescents. The site is also across the street from Crest Park and its tennis courts and down the street from Mazama High School with its many outdoor facilities.

List the sources and amounts of additional resources, if any, that will be used to implement the Resident Services Plan. Include a statement describing how services will be funded on an ongoing basis. Indicate if a collaborative agreement, a memorandum of understanding, or a contract has been negotiated in order to provide appropriate services to the target population:

Many of the service providers will provide their programs free of charge in exchange for the use of the community center space. The sponsor has a memorandum of understanding with Integral Youth Services and a proposed contract with Klamath Housing Authority. The operating budget of the project provides for annual resident service funding with an initial budget of \$7,500/yr. These monies will be targeted for the proposed referral services provided by a once a week counselor.

Section Four: Evaluation and Coordination with Management

The intent of this section is to establish a method of evaluating the effectiveness of the Resident Services Plan and create the essential link to ongoing management of the development. Evaluating the plan will ensure, that as resident populations are often in flux, the services can be adapted to changing needs. Effective delivery of services must be coordinated with the management agent, especially the on-site staff.

Describe the methods used to evaluate the specific services offered, including how and when the anticipated results will be measured:

Residents will surveyed at move-in and regularly thereafter to ensure that the quality, quantity and type of services provided meet their needs. The sponsor and management will also create a task force that will include resident volunteers to administer the Resident Service Plan.

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If results are not as anticipated, describe what corrective action will be taken:

If the results are not as anticipated the task force will take the input from the residents and either: 1) work with the service providers to make the necessary adjustments to their program or 2) use community contacts to restructure the offered services.

Describe your criteria for selecting a management agent, committed to coordination of resident services, including the hiring and training of "service sensitive" staff:

The Klamath Housing Authority is well attuned to the needs of the targeted Crestview population. Mr. Connors and his staff also have prior experience managing and developing low-income housing projects in the Klamath area.

Describe the process of ensuring ongoing coordination of the Resident Services Plan with the proposed management agent:

As a Community Partner and Management Agent of Crestview, the Klamath Housing Authority has a vested interest in the success of the Resident Services Plan.

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EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

Parcel 1 of Land Partition 1-03, said Land Partition being Parcel 1 of Land Partition 14-97 and a portion of a tract of land situated in the NE1/4NE1/4 of Section 10, Township 39 South, Range 9 East, Willamette Meridian, Klamath County, Oregon.